

QUEST RESOURCE HOLDING CORP

FORM 8-K (Current report filing)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 29, 2013

INFINITY RESOURCES HOLDINGS CORP.

(Exact Name of Registrant as Specified in Charter)

Nevada
(State or Other Jurisdiction
of Incorporation)

333-152959
(Commission
File Number)

51-0665952
(IRS Employer
Identification No.)

1375 North Scottsdale Road, Suite 140
Scottsdale, Arizona
(Address of Principal Executive Offices)

85257
(Zip Code)

Registrant's telephone number, including area code: (480) 889-2650

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

As more fully described in Item 2.03, on March 22, 2012, Earth911, Inc., a Delaware corporation and our wholly owned subsidiary (“Earth911”), entered into a Securities Purchase Agreement with Stockbridge Enterprises, L.P., a Nevada limited partnership (“Stockbridge”), pursuant to which Earth911 issued a convertible note and four warrants to Stockbridge. On each of October 10, 2012 and on March 29, 2013, the terms of the note and the warrants were amended and additional warrants were issued to Stockbridge. The disclosure provided in Item 2.03 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 1.01.

Item 2.03. Results of Operations and Financial Condition.

On March 22, 2012, Earth911 entered into a Securities Purchase Agreement (the “Purchase Agreement”) with Stockbridge, pursuant to which Stockbridge purchased (i) a senior secured convertible note in the original principal amount of \$1,000,000 (the “Convertible Note”), (ii) a warrant to acquire up to 1,000,000 shares of Earth911’s common stock (“Earth911 Common Stock”), exercisable effective as of the date of the Purchase Agreement (“Warrant 1-1”), (iii) a warrant to acquire up to 250,000 shares of Earth911 Common Stock, which was exercisable at the conclusion of 12 months after the issuance date of the warrant (“Warrant 1-2”), (iv) a warrant to acquire up to 250,000 shares of Earth911 Common Stock, which was exercisable at the conclusion of 15 months after the issuance date of the warrant (“Warrant 1-3”), and (v) a warrant to acquire up to 500,000 shares of Earth911 Common Stock, which was exercisable at the conclusion of 18 months after the issuance date of the warrant (“Warrant 1-4,” and together with Warrant 1-2 and Warrant 1-3, the “Contingent Warrants”). The dates on which the Contingent Warrants were exercisable were subsequently amended as described below. The Contingent Warrants are exercisable on their respective dates only in the event that all outstanding principal and accrued interest on the Convertible Note is not paid in full at such date. The Convertible Note and the warrants were issued without registration in reliance on the exemption provided by Section 3(11) or Section 4(2) and Rule 506 of Regulation D, as promulgated under the Securities Act of 1933, as amended (the “Securities Act”).

Initially, the Convertible Note matured on March 22, 2013 and bore an interest rate of 6% per annum. These terms were subsequently amended as described below. Interest only payments are payable monthly in arrears and on the maturity date, and the principal amount is payable on the maturity date. Events of default under the Convertible Note include, among other events, a change of control transaction and a default under any other debenture or any instrument evidencing an indebtedness in an amount exceeding \$50,000. The Convertible Note may be redeemed at the option of the issuer at any time prior to the maturity date, and is required to be redeemed upon an event of default. In the event that Earth911 or any of its subsidiaries or affiliated companies closes a financing or funding transaction exceeding \$100,000, at the election of Stockbridge, certain percentages of the proceeds of such transaction shall be applied to redeem the outstanding amounts of the Convertible Note’s principal. The Convertible Note was convertible into Earth911 Common Stock at \$1.00 per share prior to the maturity date and \$0.50 per share after the maturity date (the “Fixed Conversion Price”), subject to a downward formula-based adjustment for future issuances of Earth911 Common Stock or stock equivalents under certain conditions whereby the issue price is lower than the conversion price in effect immediately prior to such issue or sale. In the event that Earth911 Common Stock was listed on certain U.S. exchanges (a “Triggering Event”), the conversion price would have been the lower of the Fixed Conversion Price or the average closing bid price during the ten trading days immediately preceding the conversion date (the “Market Conversion Price”). The conversion price of the Convertible Note and the definition of a Triggering Event were subsequently amended as described below.

Warrant 1-1 was exercisable at \$1.00 per share of Earth911 Common Stock preceding a Triggering Event, and as of any exercise date following a Triggering Event, the lower of \$1.00 or the average closing bid during the ten trading days immediately preceding the exercise date. These terms were subsequently amended as described below. The exercise price is also subject to a downward formula-based adjustment for future issuances of common stock or stock equivalents under certain conditions whereby the issue price is lower than the exercise price in effect immediately prior to such issue or sale. The Contingent Warrants were exercisable at \$0.50 per common share preceding a Triggering Event, and as of any exercise date following a Triggering Event, the lower of \$0.50 or the average closing bid price during the ten trading days immediately preceding the exercise date. The exercise price is also subject to a downward formula-based adjustment for future issuances of common stock or stock equivalents under certain conditions whereby the issue price is lower than the exercise price in effect immediately prior to such issue or sale. Warrant 1-1 and the Contingent Warrants will expire five years from the date of issuance.

Contemporaneously with the Purchase Agreement, Earth911 and certain of its subsidiaries entered into (i) a Security Agreement, pursuant to which the grantors named therein granted a security interest in the Pledged Property (as defined therein) (the "Security Agreement"), (ii) a Security Agreement, pursuant to which Earth911 granted a security interest in the Patent Collateral (as defined therein) (the "Patent Security Agreement"), and (iii) a Guaranty, pursuant to which the guarantors named therein guaranteed the Obligations (as defined in the Purchase Agreement) of Earth911 (the "Guaranty"). The Purchase Agreement, the Convertible Note, the Security Agreement, the Patent Security Agreement, the Guaranty, Warrant 1-1, and the Contingent Warrants, all as amended, shall be collectively referred to herein as the "Original Note Documents."

On October 10, 2012, Earth911 and Stockbridge executed an Allonge to Senior Secured Convertible Note (the "Allonge"), pursuant to which the parties agreed to modify certain terms of the Convertible Note, the Purchase Agreement, Warrant 1-1, and the Contingent Warrants. The Allonge amended and restated certain provisions the Convertible Note to (i) increase the principal amount to \$3,000,000, (ii) extend the maturity date to October 1, 2014, (iii) change the interest rate to 9% per annum, as well as change the basis upon which the interest is calculated, and (iv) change the Fixed Conversion Price to \$0.50 per share prior to the maturity date and \$0.25 per share after the maturity date. The Allonge decreased the exercise price of Warrant 1-1 to \$0.50 per share if exercised prior to a Triggering Event or to the lower of \$0.50 per share or the average closing bid price during the ten trading days immediately preceding the exercise date if exercised after a Triggering Event. Finally, the Allonge amended the exercisable dates of Warrant 1-2, Warrant 1-3, and Warrant 1-4 to be exercisable 30 months, 33 months, and 36 months, respectively, following the issuance date of the Contingent Warrants. These terms were subsequently amended as described below.

To effect the changes in the Allonge, Earth911 issued to Stockbridge (i) an additional warrant to purchase 4,000,000 shares of Earth911 Common Stock ("Warrant 1-5," and together with the Allonge, the "Allonge Documents"), and (ii) 100,000 shares of Earth911 Common Stock. Warrant 1-5 is exercisable at or after the date of the Allonge, and is in the same form as Warrant 1-1, as amended by the Allonge. Warrant 1-5 will expire five years from the date of issuance.

On October 17, 2012, Infinity Resources Holdings Corp. ("Infinity") closed a merger transaction with Earth911 (the "Merger"), pursuant to an Agreement and Plan of Merger, dated as of May 21, 2012, as subsequently amended (the "Merger Agreement"), in accordance with which Earth911 became a wholly owned subsidiary of Infinity. Pursuant to the Merger Agreement, the options and warrants of Earth911 were exchanged and converted into options and warrants for the purchase of Infinity's common stock ("Infinity Common Stock"). The warrants converted in the Merger were converted into warrants to acquire the number of shares of Infinity Common Stock (the "Converted Warrants") equal to the product of (i) the number of shares of Earth911 Common Stock subject to such warrant immediately prior to the effective date of the Merger, multiplied by (ii) the Conversion Rate (as defined in the Merger Agreement). The exercise price per share of the Converted Warrants will equal the quotient of (i) the exercise price of such warrant immediately prior to the effective date of the Merger, divided by (ii) the Conversion Rate (as defined in the Merger Agreement). Pursuant to the terms of the Allonge, Warrant 1-5 was explicitly excluded from the application of the Conversion Rate.

On March 29, 2013, Earth911 and Stockbridge entered into a Second Allonge to Senior Secured Convertible Note (the "Second Allonge"), pursuant to which the parties agreed to (i) amend all references to common stock, options, warrants, warrant shares, or convertible securities of Earth911 in the Original Note Documents and the Allonge Documents to common stock, options, warrants, warrant shares, or convertible securities, respectively, of Infinity, and (ii) expand all references to a "Triggering Event" in the Original Note Documents and the Allonge Documents to include any exchanges on which the Infinity Common Stock may be listed or quoted for trading. The parties also (i) amended how the fair market value of the Infinity Common Stock, on the date of exercise, would be defined in a formula used to calculate the net number of shares that Stockbridge would receive upon a cashless exercise, (ii) extended the maturity date of the Convertible Note to October 1, 2015, (iii) revised the terms of Warrant 1-5 to apply the Conversion Rate from the Merger to the number of shares of Infinity Common Stock underlying Warrant 1-5 and the exercise price at which such shares would be issued upon the exercise date, and (iv) amended the exercisable dates of Warrant 1-2, Warrant 1-3, and Warrant 1-4 to be exercisable 42 months, 45 months, and 48 months, respectively, following the issuance date of the Contingent Warrants. Finally, Stockbridge retroactively agreed to waive its right to effect a partial conversion of the Convertible Note, with such waiver to be effective for a period of 12 months from October 17, 2012.

To effect the changes in the Second Allonge, Infinity issued to Stockbridge an additional warrant to purchase 500,000 shares of Infinity Common Stock (“Warrant 1-6,” and together with the Second Allonge, the “Second Allonge Documents”). Warrant 1-6 is exercisable at or after the date of the Second Allonge, and is in the same form as Warrant 1-5, as amended by the Second Allonge. Warrant 1-6 will expire five years from the date of issuance. Pursuant to the Second Allonge, Stockbridge agreed to exercise Warrant 1-1, Warrant 1-5, and Warrant 1-6 on a cashless exercise basis prior to April 1, 2013.

The foregoing is a summary only and does not purport to be a complete description of all of the terms, provisions, covenants, and agreements contained in the Original Note Documents, the Allonge Documents, and the Second Allonge Documents, and is subject to and qualified in its entirety by reference to the full text of such Original Note Documents, Allonge Documents, and Second Allonge Documents, which are filed herewith as Exhibits 10.7, 10.8, and 10.9, respectively, and are incorporated by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities.

On March 22, 2012, pursuant to the Purchase Agreement, Earth911 issued to Stockbridge the Convertible Note, the Warrant 1-1, and the Contingent Warrants, the terms of which were subsequently amended. Pursuant to the Allonge, on October 10, 2012, Earth911 issued 100,000 shares of common stock and Warrant 1-5 to Stockbridge. Pursuant to the Second Allonge, Infinity issued Warrant 1-6 to Stockbridge. Warrant 1-1, the Contingent Warrants, Warrant 1-5, and Warrant 1-6 are collectively referred to herein as the “Warrants.” Issuance of the foregoing common stock, the Convertible Note, and the Warrants was conducted as described in Item 2.03 of this Current Report on Form 8-K and as set forth in the exhibits attached hereto and incorporated herein by reference.

The Convertible Note, the Warrants, the shares of common stock underlying the Convertible Note and the Warrants, and the shares of common stock issued in these private placements were exempt from registration as a sale by an issuer not involving a public offering and under Regulation D promulgated pursuant to the Securities Act. The Convertible Note, the Warrants, the shares of common stock underlying the Convertible Note and the Warrants, and the shares of common stock were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 3(11), Section 4(2), and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws. Such securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

Item 9.01. Financial Statements and Exhibits.

- (a) *Financial Statements of Business Acquired* .
Not applicable.
- (b) *Pro Forma Financial Information* .
Not applicable.
- (c) *Shell Company Transactions* .
Not applicable.
- (d) *Exhibits*.

<u>Exhibit Number</u>	<u>Exhibits</u>
10.7	Securities Purchase Agreement, dated March 22, 2012, by and between Earth911, Inc. and Stockbridge Enterprises, L.P., including the note and warrants issued thereunder
10.8	Allonge to Senior Secured Convertible Note, dated October 10, 2012, by and between Earth911, Inc. and Stockbridge Enterprises, L.P., including the warrant issued thereunder
10.9	Second Allonge to Senior Secured Convertible Note, dated March 29, 2013, by and between Earth911, Inc. and Stockbridge Enterprises, L.P., including the warrant issued thereunder

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 4, 2013

INFINITY RESOURCES HOLDINGS CORP.

By: /s/ Barry Monheit

Barry Monheit
President and Chief Executive Officer

EXHIBIT INDEX

- 10.7 Securities Purchase Agreement, dated March 22, 2012, by and between Earth911, Inc. and Stockbridge Enterprises, L.P., including the note and warrants issued thereunder
- 10.8 Allonge to Senior Secured Convertible Note, dated October 10, 2012, by and between Earth911, Inc. and Stockbridge Enterprises, L.P., including the warrant issued thereunder
- 10.9 Second Allonge to Senior Secured Convertible Note, dated March 29, 2013, by and between Earth911, Inc. and Stockbridge Enterprises, L.P., including the warrant issued thereunder

SECURITIES PURCHASE AGREEMENT

This **Securities Purchase Agreement** (this “*Agreement*”) dated March 22, 2012 is made by and between **Earth911, Inc.**, a Delaware corporation (the “*Company*”), and **Stockbridge Enterprises, L.P.**, a Nevada limited partnership (the “*Buyer*”).

RECITALS

A. The parties desire that, upon the terms and subject to the conditions contained herein, the Company shall issue and sell to the Buyer, and the Buyer shall purchase (i) One Million Dollars (\$1,000,000.00) of senior secured bridge notes in the form attached hereto as “Exhibit A” (the “*Notes*”), which shall be convertible into shares of the Company’s common stock, par value, \$0.0001 per share (as converted, the “*Conversion Shares*”), of which up to Five Hundred Thousand Dollars (\$500,000.00) (the “*Subscription Amount*”) shall be funded as set forth in Section 3.16, (ii) a warrant (the “*Initial Warrant*”) to acquire up to 1,000,000 shares of Common Stock (as defined herein) and which is immediately exercisable, (iii) a warrant (the “*12-Month Warrant*”) to acquire up to 250,000 shares of Common Stock which is exercisable at the conclusion of twelve (12) months after the issuance date of the warrant, but only in the event that all outstanding principal and accrued interest on the Note is not paid in full at such date, as provided for therein, (iv) a warrant (the “*15-Month Warrant*”) to acquire up to 250,000 shares of Common Stock which is exercisable at the conclusion of fifteen (15) months after the issuance date of the warrant, but only in the event that all outstanding principal and accrued interest on the Note is not paid in full at such date, as provided for therein, and (v) a warrant (the “*18-Month Warrant*”) and, along with the 12-Month Warrant and the 15-Month Warrant, the “*Contingent Warrants*”) to acquire up to 500,000 shares of Common Stock which is exercisable at the conclusion of eighteen (18) months after the issuance date of the warrant, but only in the event that all outstanding principal and accrued interest on the Note is not paid in full at such date, as provided for therein (collectively, the Initial Warrant and the Contingent Warrants are referred to herein as the “*Warrants*” and, as exercised, the “*Warrant Shares*”), with all Warrants substantially in the form attached hereto as “Exhibit B” (with respect to the Initial Warrant) and “Exhibit C” (with respect to the Contingent Warrants).

B. Contemporaneously with the execution and delivery of this Agreement, (i) the Buyer, the Company, and each subsidiary of the Company are executing and delivering a Security Agreement (the “*Security Agreement*”) pursuant to which the Company and its wholly owned subsidiaries agree to provide the Buyer a security interest in Pledged Property (as this term is defined in the Security Agreement), (ii) the Buyer, the Company, and each subsidiary of the Company are executing and delivering a Patent Security Agreement (the “*Patent Security Agreement*”) pursuant to which the Company and its wholly owned subsidiaries agree to provide the Buyer a security interest in Patent Collateral (as this term is defined in the Patent Security Agreement), and (iii) each subsidiary of the Company is executing and delivering a Guaranty dated the date hereof (the “*Guaranty*”) and collectively with the Security Agreement and the Patent Security Agreement, the “*Security Documents*”) in favor of the Buyer.

C. The Notes, the Conversion Shares, the Warrants, and the Warrants Shares collectively are referred to herein as the (“*Securities*”).

D. The Company is executing and delivering the Securities in reliance upon an exemption from securities registration pursuant to Section 3(11) or Section 4(2) and/or Rule 506 of Regulation D (“*Regulation D*”) as promulgated by the U.S. Securities and Exchange Commission (the “*SEC*”) under the Securities Act of 1933, as amended (the “*Securities Act*”).

AGREEMENT

NOW, THEREFORE , in consideration of the premises, the promises, the mutual covenants and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Buyer hereby agree as follows:

SECTION 1

Purchase and Sale of Notes

1.1 **Purchase of Notes** . Subject to the satisfaction (or waiver) of the terms and conditions of this Agreement, the Buyer agrees to purchase at the Closing, and the Company agrees to sell and issue to the Buyer at the Closing, Notes in the Subscription Amount and the Warrants to acquire up to that number of Warrant Shares.

1.2 **Form of Payment** . Subject to the satisfaction of the terms and conditions of this Agreement, on the date of this Agreement, (i) the Buyer shall deliver to the Company such proceeds for the Notes and Warrants to be issued and sold to such Buyer at such Closing, minus the fees to be paid directly from the proceeds of such Closing as set forth herein, and (ii) the Company shall deliver to Buyer, Notes and Warrants which Buyer is purchasing at the Closing, duly executed on behalf of the Company.

SECTION 2

Representations and Warranties

2.1 **Buyer's Representations and Warranties** . Buyer represents and warrants that:

(a) **Investment Purpose** . Buyer is acquiring the Securities for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, Buyer reserves the right to dispose of the Securities at any time in accordance with or pursuant to an effective registration statement covering such Securities or an available exemption under the Securities Act. Buyer does not presently have any agreement or understanding, directly or indirectly, with any corporation, limited liability company, association, partnership, organization, business, individual, government or political subdivision thereof or governmental agency ("*Person*") to distribute any of the Securities.

(b) **Accredited Investor Status** . Buyer is an "*Accredited Investor*" as that term is defined in Rule 501(a)(3) of Regulation D.

(c) **Reliance on Exemptions** . Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of such Buyer to acquire the Securities.

(d) **Information** . Buyer and its advisors (and his, her or its counsel), if any, have been furnished with all materials relating to the business, finances and operations of the Company and information it deemed material to making an informed investment decision regarding its purchase of the Securities, which have been requested by Buyer. Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company and its management. Neither such inquiries nor any other due diligence investigations conducted by Buyer or its advisors, if any, or its representatives shall modify, amend or affect Buyer's right to rely on the Company's representations and warranties contained in Section 3 below. Buyer understands that its investment in the Securities involves a high degree of risk. Buyer is in a position regarding the Company, which, based upon employment, family relationship or economic bargaining power, enabled and enables Buyer to obtain information from the Company in order to evaluate the merits and risks of this investment. Buyer has sought such accounting, legal and tax advice, as it has considered necessary to make an informed investment decision with respect to its acquisition of the Securities.

(e) **No Governmental Review** . Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities, or the fairness or suitability of the investment in the Securities, nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

(f) **Transfer or Resale** . Buyer understands that: (i) the Securities have not been and are not being registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) Buyer shall have delivered to the Company an opinion of counsel, in a generally acceptable form, to the effect that such Securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration requirements, or (C) Buyer provides the Company with reasonable assurances (in the form of seller and broker representation letters) that such Securities can be sold, assigned or transferred pursuant to Rule 144 or Rule 144A promulgated under the Securities Act, as amended (or a successor rule thereto) (collectively, "*Rule 144*"), in each case following the applicable holding period set forth therein; (ii) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144 and further, if Rule 144 is not applicable, any resale of the Securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the SEC thereunder; and (iii) neither the Company nor any other person is under any obligation to register the Securities under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder.

(g) **Legends** . Buyer agrees to the imprinting, so long as is required by this Section 2.1(g), of a restrictive legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED SOLELY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD RESALE AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS.

Certificates evidencing the Conversion Shares or Warrant Shares shall not contain any legend (including the legend set forth above), (i) while a registration statement covering the resale of such security is effective under the Securities Act, (ii) following any sale of such Conversion Shares or Warrant Shares pursuant to Rule 144, (iii) if such Conversion Shares or Warrant Shares are eligible for sale under Rule 144(b)(1), or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the SEC). The Company shall cause its counsel to issue a legal opinion to the Company's transfer agent promptly after the effective date (the "*Effective Date*") of a registration statement if required by the Company's transfer agent to effect the removal of the legend hereunder. If all or any portion of the Notes or Warrants are exercised by a Holder that is not an affiliate of the Company (a "*Non-Affiliated Buyer*") at a time when there is an effective registration statement to cover the resale of the Conversion Shares or the Warrant Shares, such Conversion Shares or Warrant Shares shall be issued free of all legends. The Company agrees that following the Effective Date or at such time as such legend is no longer required under this Section 2(g), it will, no later than three (3) business days following the delivery by a Non-Affiliated Buyer to the Company or the Company's transfer agent of a certificate representing Conversion Shares or Warrant Shares, as the case may be, issued with a restrictive legend (such third business day, the "*Legend Removal Date*"), deliver or cause to be delivered to such Non-Affiliated Buyer a certificate representing such shares that are free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to any transfer agent of the Company that enlarge the restrictions on transfer set forth in this Section. Buyer acknowledges that the Company's agreement hereunder to remove all legends from Conversion Shares or Warrant Shares is not an affirmative statement or representation that such Conversion Shares or Warrant Shares are freely tradable. Buyer, agrees that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 2(g) is predicated upon the Company's reliance that Buyer will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a registration statement, they will be sold in compliance with the plan of distribution set forth therein.

(h) **Authorization; Enforcement** . This Agreement has been duly and validly authorized, executed and delivered on behalf of Buyer and is a valid and binding agreement of Buyer enforceable in accordance with its terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(i) **Receipt of Documents** . Buyer and his, her or its counsel, if any, has received and read in their entirety: (i) this Agreement and each representation, warranty and covenant set forth herein and the Transaction Documents (as defined herein); (ii) all due diligence and other information necessary to verify the accuracy and completeness of such representations, warranties and covenants; (iii) the Company's audited financial statements for the fiscal year ended December 31, 2010; (iv) the Company's unaudited financial statements for the period ended [December 31, 2011] and (v) answers to all questions Buyer submitted to the Company regarding an investment in the Company; and Buyer has relied on the information contained therein and has not been furnished any other documents, literature, memorandum or prospectus.

(j) **Due Formation of Corporate and Other Buyers** . If the Buyer is a corporation, limited liability company, trust, partnership or other entity that is not an individual person, it has been formed and validly exists and has not been organized for the specific purpose of purchasing the Securities and is not prohibited from doing so.

(k) **No Legal Advice From the Company** . Buyer acknowledges that it had the opportunity to review this Agreement and the transactions contemplated by this Agreement with its own legal counsel and investment and tax advisors. Buyer is relying solely on such counsel and advisors and not on any statements or representations of the Company or any of its representatives or agents for legal, tax or investment advice with respect to this investment, the transactions contemplated by this Agreement or the securities laws of any jurisdiction.

2.2 **The Company's Representations and Warranties.** Except as set forth under the corresponding section of the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof and to qualify any representation or warranty otherwise made herein to the extent of such disclosure, the Company hereby makes the representations and warranties set forth below to Buyer:

(a) **Subsidiaries.** All of the direct and indirect subsidiaries of the Company are set forth on Schedule 2.2(a). The Company owns, directly or indirectly, all of the capital stock or other equity interests of each subsidiary free and clear of any liens, and all the issued and outstanding shares of capital stock of each subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(b) **Organization and Qualification.** The Company and its subsidiaries are corporations duly organized and validly existing in good standing under the laws of the jurisdiction in which they are incorporated, and have the requisite corporate power to own their properties and to carry on their business as now being conducted. Each of the Company and its subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have or reasonably be expected to result in (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business or condition (financial or otherwise) of the Company and the subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "*Material Adverse Effect*") and no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) **Authorization, Enforcement, Compliance with Other Instruments.** (i) The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement, the Notes, the Warrants, the Security Documents, and each of the other agreements entered into by the parties hereto in connection with the transactions contemplated by this Agreement (collectively the "*Transaction Documents*") and to issue the Securities in accordance with the terms hereof and thereof, (ii) the execution and delivery of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby, including, without limitation, the issuance of the Securities, the reservation for issuance and the issuance of the Conversion Shares, and the reservation for issuance and the issuance of the Warrant Shares, have been duly authorized by the Company's Board of Directors ("*Board of Directors*") and no further consent or authorization is required by the Company, its Board of Directors or its stockholders, (iii) the Transaction Documents have been duly executed and delivered by the Company, (iv) the Transaction Documents constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies. The authorized officer of the Company executing the Transaction Documents knows of no reason why the Company cannot perform any of the Company's obligations under the Transaction Documents.

(d) **Capitalization** . The authorized capital stock of the Company consists of 20,000,000 shares of preferred stock, par value \$.0001 per share (“Preferred Stock”), and 100,000,000 shares of common stock, par value \$0.0001 (“Common Stock”) of which [0] shares of Preferred Stock and [34,417,589] shares of Common Stock are issued and outstanding. Where applicable, the term “Common Stock” shall also include any securities received by the Buyer in an Asset Sale or Organic Change as set forth in Section 2.2(cc). All of the outstanding shares of capital stock of the Company are validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. Except as disclosed in Schedule 2.2(d): (i) none of the Company’s capital stock is subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company; (ii) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional capital stock of the Company or any of its subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its subsidiaries; (iii) there are no outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing indebtedness of the Company or any of its subsidiaries or by which the Company or any of its subsidiaries is or may become bound; (iv) there are no financing statements securing obligations in any material amounts, either singly or in the aggregate, filed in connection with the Company or any of its subsidiaries; (v) there are no outstanding securities or instruments of the Company or any of its subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its subsidiaries is or may become bound to redeem a security of the Company or any of its subsidiaries; (vi) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities; (vii) the Company does not have any stock appreciation rights or “phantom stock” plans or agreements or any similar plan or agreement; and (viii) the Company and its subsidiaries have no liabilities or obligations required to be disclosed in any filings under the Securities Act of 1933, as amended (the “Securities Act”), or the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (each an “SEC Document” and collectively, the “SEC Documents”) but not so disclosed in the SEC Documents, other than those incurred in the ordinary course of the Company’s or its subsidiaries’ respective businesses and which, individually or in the aggregate, do not or would not have a Material Adverse Effect. The Company has furnished to the Buyer true, correct and complete copies of the Company’s Amended and Restated Articles of Incorporation and as in effect on the date hereof (the “Articles of Incorporation”), the Company’s Bylaws, as amended and as in effect on the date hereof (the “Bylaws”), and the terms of all securities convertible into, or exercisable or exchangeable for, shares of Common Stock and the material rights of the holders thereof in respect thereto. No further approval or authorization of any stockholder, the Board of Directors of the Company or others is required for the issuance and sale of the Securities. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company’s capital stock to which the Company is a party or, to the “knowledge” of the Company, between or among any of the Company’s stockholders. The term “knowledge” means the actual knowledge of (i) as it relates to the Company, any of the Company’s executive officers, or (ii) as it relates to the Buyer, any of the Buyers’ partners.

(e) **Issuance of Securities** . The issuance of the Notes and the Warrants is duly authorized and free from all taxes, liens and charges with respect to the issue thereof. Upon conversion in accordance with the terms of the Notes or exercise in accordance with the Warrants, as the case may be, the Conversion Shares and Warrant Shares, respectively, when issued will be validly issued, fully paid and nonassessable, free from all taxes, liens and charges with respect to the issue thereof. The Company has reserved from its duly authorized capital stock the appropriate number of shares of Common Stock as set forth in this Agreement.

(f) **No Conflicts** . The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Notes and the Warrants, and reservation for issuance and issuance of the Conversion Shares and the Warrant Shares) will not (i) result in a violation of the Articles of Incorporation, any articles of formation, any certificate of designations or other constituent documents of the Company or any of its subsidiaries, any capital stock of the Company or any of its subsidiaries or the Bylaws of the Company or any of its subsidiaries or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) in any respect under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree applicable to the Company or any of its subsidiaries or by which any property or asset of the Company or any of its subsidiaries is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. The business of the Company and its subsidiaries is not being conducted, and shall not be conducted, in violation of any material law, ordinance, or regulation of any governmental entity violation of which would have a Material Adverse Effect. Except as specifically contemplated by this Agreement and as required under the Securities Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under or contemplated by this Agreement in accordance with the terms hereof. All consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof. The Company and its subsidiaries are unaware of any facts or circumstance, which might give rise to any of the foregoing.

(g) **SEC Documents; Securities Offerings** . Except as disclosed on Schedule 2.2(g), the Company has filed all forms, statements and other documents required to be filed by it with the SEC under the Securities Act of 1933, as amended (the "*Securities Act*"), for all securities offerings, option grants and securities issuances upon the exercise of options, whether made publicly or non-publicly on a timely basis. Except as disclosed on Schedule 2.2(g), the Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Document prior to the expiration of any such extension (filings under the Securities Act and the Exchange Act are each an "*SEC Document*" and collectively, the "*SEC Documents*"). Except as disclosed on Schedule 2.2(g), all of the Company's SEC Documents have been amended to respond to all written comment letters received by the Company from the SEC relating to the SEC Documents. The Company has delivered to the Buyers or their representatives, or made available through the SEC's website at <http://www.sec.gov>, true and complete copies of the SEC Documents. Except as set forth on Schedule 2.2(g) as of their respective dates, the SEC Documents complied in all material respects with the requirements of the Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company provided to all purchasers related to all of the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(h) **Absence of Litigation** . To the best of the Company's knowledge, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending against or affecting the Company, the Common Stock or any of the Company's subsidiaries, wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect.

(i) **Acknowledgment Regarding Buyer's Purchase of the Notes** . The Company acknowledges and agrees that Buyer is acting solely in the capacity of an arm's length purchaser with respect to this Agreement and the transactions contemplated hereby. The Company further acknowledges that Buyer is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereby and any advice given by Buyer or any of his, her or its respective representatives or agents in connection with this Agreement and the transactions contemplated hereby is merely incidental to such Buyer's purchase of the Securities. The Company further represents to Buyer that the Company's decision to enter into this Agreement has been based solely on the independent evaluation by the Company and its representatives.

(j) **No General Solicitation** . Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or sale of the Securities.

(k) **No Integrated Offering** . To the knowledge of the Company, 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 require registration of the Securities under the Securities Act or cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the Securities Act.

(l) **Employee Relations** . To the best of the Company's knowledge, neither the Company nor any of its subsidiaries is involved in any labor dispute or, to the knowledge of the Company or any of its subsidiaries, is any such dispute threatened. None of the Company's or its subsidiaries' employees is a member of a union and the Company and its subsidiaries believe that their relations with their employees are good.

(m) **Intellectual Property Rights** . The Company and its subsidiaries own or possess adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and rights necessary to conduct their respective businesses as now conducted. The Company and its subsidiaries do not have any knowledge of any infringement by the Company or its subsidiaries of trademark, trade name rights, patents, patent rights, copyrights, inventions, licenses, service names, service marks, service mark registrations, trade secret or other similar rights of others, and, to the knowledge of the Company there is no claim, action or proceeding being made or brought against, or to the Company's knowledge, being threatened against, the Company or its subsidiaries regarding trademark, trade name, patents, patent rights, invention, copyright, license, service names, service marks, service mark registrations, trade secret or other infringement; and the Company and its subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

(n) **Environmental Laws** . To the best of the Company's knowledge, the Company and its subsidiaries are (i) in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("*Environmental Laws*"), the violation of which would have a Material Adverse Effect, (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses, the failure of which to obtain would not have a Material Adverse Effect and (iii) are in compliance with all terms and conditions of any such permit, license or approval, the violation of which would have a Material Adverse Effect.

(o) **Title** . All real property and facilities held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries.

(p) **Insurance** . The Company and each of its subsidiaries is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its subsidiaries are engaged. Neither the Company nor any such subsidiary has been refused any insurance coverage sought or applied for and neither the Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, materially and adversely affect the condition, financial or otherwise, or the earnings, business or operations of the Company and its subsidiaries, taken as a whole.

(q) **Regulatory Permits** . The Company and its subsidiaries possess all material certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, and neither the Company nor any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit.

(r) **Internal Accounting Controls** . The Company and each of its subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, and (iii) the recorded amounts for assets are compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; provided, however, that such controls do not meet the standards that an independent public accountant would apply in connection with an audit of the Company's financial statements.

(s) **No Material Adverse Breaches, etc** . Neither the Company nor any of its subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation, which in the judgment of the Company's officers, has or is expected in the future to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries is in breach of any contract or agreement which breach, in the judgment of the Company's officers, has or is expected to have a Material Adverse Effect.

(t) **Tax Status** . To the best of the Company's knowledge, the Company and each of its subsidiaries has made and filed all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject and (unless and only to the extent that the Company and each of its subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

(u) **Certain Transactions** . Except for arm's length transactions pursuant to which the Company makes payments in the ordinary course of business upon terms no less favorable than the Company could obtain from third parties, none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company (other than for services as employees, officers and directors), including 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 such employee or, to the knowledge of the Company, any corporation, limited liability company, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

(v) **Fees and Rights of First Refusal** . The Company is not obligated to offer the Securities on a right of first refusal basis or otherwise to any third parties including, but not limited to, current or former stockholders of the Company, underwriters, brokers, agents or other third parties.

(w) **Investment Company** . The Company is not, and is not an affiliate of, and immediately after receipt of payment for the Securities, will not be or be an affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become subject to the Investment Company Act.

(x) **Registration Rights** . Except as disclosed on Schedule 2.2(x), other than the Buyer, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company. There are no outstanding registration statements not yet declared effective and there are no outstanding comment letters from the SEC or any other regulatory agency. The Company does not owe any liquidated damages or have any liabilities to any person for failing to obtain the effectiveness of any registration statements.

(y) **Private Placement** . Assuming the accuracy of the Buyers' representations and warranties set forth in Section 2.1, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Buyer as contemplated hereby.

(z) **Manipulation of Price** . The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(aa) **Dilutive Effect** . The Company understands and acknowledges that the number of Conversion Shares issuable upon conversion of the Notes and the Warrant Shares issuable upon exercise of the Warrants will increase in certain circumstances. The Company further acknowledges that its obligation to issue Conversion Shares upon conversion of the Notes in accordance with this Agreement and the Notes and its obligation to issue the Warrant Shares upon exercise of the Warrants in accordance with this Agreement and the Warrants, in each case, is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other stockholders of the Company.

(bb) **No SEC Enforcement** . The Company has not received any correspondence or letters from the SEC's enforcement division or from any other regulatory entity concerning actions of the Company or its officers or directors and has no reason to believe that any inquiry or investigation has begun.

(cc) **Reorganization, Reclassification, Consolidation, Merger or Sale** . In the event of any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company's assets to another Person or other transaction in each case which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock (an "*Organic Change*"), then prior to the consummation of any (i) sale of all or substantially all of the Company's assets to an acquiring Person (the "*Asset Sale*") or (ii) other Organic Change following which the Company is not a surviving entity, the Company will secure from the Person purchasing such assets or the successor resulting from such Organic Change (in each case, the "*Acquiring Entity*") a written agreement (in form and substance satisfactory to the Buyer and delivered to the Buyer) that the Company has delegated all of its duties, obligations and liabilities under this Agreement to the Acquiring Entity (collectively, the "*Duties*") and that the Acquiring Entity has and shall assume without restrictions or conditions the Duties and the performance thereof upon the consummation of the Asset Sale or Organic Change, provided, however, that the Note is not going to be paid in full prior to or in connection with the closing of such transaction.

SECTION 3

Covenants

3.1 **Best Efforts** . Each party shall use its best efforts to timely satisfy each of the conditions to be satisfied by it as provided in Sections 4 and 5 of this Agreement.

3.2 **Form D** . The Company agrees to file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to Buyer promptly after such filing. The Company shall, on or before the date of this Agreement, take such action as the Company shall reasonably determine is necessary to qualify the Securities, or obtain an exemption for the Securities for sale to the Buyer at the Closing pursuant to this Agreement under applicable securities or “Blue Sky” laws of the states of the United States, and shall provide evidence of any such action so taken to the Buyer on or prior to the date of this Agreement.

3.3 **Reporting Status** . With a view to making available to the Buyer the benefits of Rule 144 promulgated under the Securities Act or any similar rule or regulation of the SEC that may at any time permit the Buyer to sell securities of the Company to the public without registration (“*Rule 144*”), and as a material inducement to the Buyer’s purchase of the Securities, the Company represents, warrants, and covenants to the following:

(a) The Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;

(b) Upon consummation of an Asset Sale or Organic Change whereby the Acquiring Entity or the Company is or becomes subject to the reporting requirements of section 13 or 15(d) of the Exchange Act, from the date thereof until all the Securities either have been sold by the Buyer, or may permanently be sold by the Buyer without any restrictions pursuant to Rule 144 (the “*Registration Period*”), the Company shall file with the SEC, or cause to be filed with the SEC in a timely manner, as the case may be, all required reports under section 13 or 15(d) of the Exchange Act and such reports shall conform to the requirement of the Exchange Act and the SEC for filing thereunder; and

(c) To the extent the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall furnish to the Buyer so long as the Buyer owns Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents of the Company, and (iii) such other information as may be reasonably requested to permit the Buyer to sell such securities pursuant to Rule 144 without registration.

3.4 **Registration Rights** . In the event the Company elects to prepare and file with the SEC, or cause to be prepared and filed with the SEC, a registration statement on such form of registration statement as is then available to effect a registration of the Conversion Shares and the Warrant Shares (the “*Registration Statement*”), then the Company shall provide written notice no later than thirty (30) days prior to such filing to allow the Buyer and the Holder of the Warrants the opportunity to include for resale in the Registration Statement, the Conversion Shares and the Warrant Shares, subject to underwriter cutbacks and any limitations that may be imposed by the SEC or the rules and regulations thereunder. Within ten (10) days following receipt of such written notice, the Buyer and the Holder of the Warrants shall respond in writing to the Company as to the number, if any, of the Conversion Shares and the Warrant Shares to be included in such Registration Statement.

3.5 **Use of Proceeds** . The Company will use the proceeds from the sale of the Notes for working capital purposes and to pay fees associated with taking the Company public.

3.6 Reservation of Shares . On the date hereof, the Company shall reserve for issuance to the Buyer 1,000,000 shares for issuance of the Conversion Shares and 2,000,000 shares for issuance upon exercise of the Warrants (the “*Share Reserve*”). The Company represents that it has sufficient authorized and unissued shares of Common Stock available to create the Share Reserve after considering all other commitments that may require the issuance of Common Stock. The Company shall take all action reasonably necessary to at all times have authorized, and reserved for the purpose of issuance, such number of shares of Common Stock as shall be necessary to effect the full conversion of the Notes and the full exercise of the Warrants. If at any time the Share Reserve is insufficient to effect the full conversion of the Notes or the full exercise of the Warrants, the Company shall increase the Share Reserve accordingly. If the Company does not have sufficient authorized and unissued shares of Common Stock available to increase the Share Reserve, the Company shall call and hold a special meeting of the stockholders within thirty (30) days of such occurrence, for the sole purpose of increasing the number of shares authorized. The Company’s management shall recommend to its stockholders to vote in favor of increasing the number of shares of Common Stock authorized. Management shall also vote all of its shares in favor of increasing the number of authorized shares of Common Stock.

3.7 Fees and Expenses . The Company shall pay all of its costs and expenses incurred by it connection with the negotiation, investigation, preparation, execution and delivery of the Transaction Documents. The Company shall reimburse Buyer out of the proceeds funded under the Note, for Buyer’s costs and expenses, including reasonable attorney fees, incurred in connection with the negotiation, investigation, preparation, execution and delivery of the Transaction Documents, up to a maximum amount of ten thousand dollars (\$10,000).

3.8 Corporate Existence . So long as any of the Notes remain outstanding, the Company or any subsidiary of the Company shall not be party to any Change of Control Transaction (as defined in the Notes) unless, prior to the consummation of such Change of Control Transaction, the Company offers the Buyer the right to either (i) be redeemed of all amounts outstanding under the Notes, or (ii) exercise its rights to convert the Notes, in each case, in accordance with the terms and conditions of the Notes. Nothing in this Section 3.8 shall prohibit the Company from exercising its right to prepay the principal amount outstanding under the Notes at any time, in whole or in part, together with the accrued and unpaid interest owing, if any, prior to or in connection with, any such Change of Control Transaction, as permitted by and in compliance with Section 3 of the Notes.

3.9 Transfer Agent . The Company has no transfer agent. If and when it retains a transfer agent, the Company covenants and agrees that, in the event that the Company’s agency relationship with the transfer agent should be terminated for any reason prior to a date which is two (2) years after the date of this Agreement, the Company shall immediately appoint a new transfer agent and shall use its best efforts to require that the new transfer agent execute and agree to be bound by the terms of the Irrevocable Transfer Agent Instructions (as defined herein).

3.10 Restriction on Issuance of the Capital Stock and Incurrence of Additional Debt.

(a) So long as any Notes are outstanding, the Company shall be prohibited from effecting or entering into an agreement to effect any issuance by the Company or any of its subsidiaries of Common Stock or securities or instruments convertible or exercisable into Common Stock involving a “*Variable Rate Transaction*.” The term “*Variable Rate Transaction*” shall mean a transaction in which the Company issues or sells (i) any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of Common Stock either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock, or (ii) enters into any agreement, including, but not limited to, an equity line of credit, whereby the Company may sell securities at a future determined price. Notwithstanding the foregoing, this Section shall not apply in respect of (i) any Excluded Securities or (ii) any transaction with the Buyer. “*Excluded Securities*” shall mean, (a) shares or options issued or deemed to have been issued by the Company pursuant to any means including a stock option plan that has been approved by the Board of Directors of the Company, and the Company’s shareholders where applicable, (b) shares of Common Stock issued or deemed to be issued by the Company upon the conversion, exchange or exercise of any right, option, obligation or security outstanding on the date prior to date of this Agreement, provided that the terms of such right, option, obligation or security are not amended or otherwise modified on or after the date of this Agreement, and provided that the conversion price, exchange price, exercise price or other purchase price is not reduced, adjusted or otherwise modified and the number of shares of Common Stock issued or issuable is not increased (whether by operation of, or in accordance with, the relevant governing documents or otherwise) on or after the date of this Agreement, (c) shares issued in connection with any acquisition or strategic transaction by the Company, whether through an acquisition of stock or a merger of any business, assets or technologies, leasing arrangement or any other transaction the primary purpose of which is not to raise equity capital, and (d) the shares of Common Stock issued or deemed to be issued by the Company upon conversion of the Notes or exercise of the Warrants.

(b) So long as any Notes are outstanding, except as permitted by the terms of the Security Agreement, of even date herewith, by and between the Company and Buyer, the Company is prohibited from effecting or entering into an agreement to effect any issuance by the Company of any debt instruments or debt securities unless junior in payment and security to the Notes.

(c) Notwithstanding the foregoing, nothing in this Section 3.10 will prohibit the Company from entering into a Variable Rate Transaction, provided that, such instrument is junior in payment and security to the Notes, and, provided further that, nothing in this Section 3.10 will prohibit the Company from exercising its right to prepay the principal amount outstanding under the Notes at any time, in whole or in part, together with the accrued and unpaid interest owing, if any, prior to or in connection with, any such Variable Rate Transaction.

3.11 No Short Position . Neither the Buyer nor any of its affiliates have an open short position in the Common Stock of the Company, and the Buyer agrees that it shall not, and that it will cause its affiliates not to, engage in any short sales of or hedging transactions with respect to the Common Stock as long as any Notes shall remain outstanding.

3.12 Rights of First Refusal . So long as any portion of the Notes are outstanding, if the Company intends to raise additional capital by the issuance or sale of capital stock of the Company, including without limitation shares of any class of common stock, any class of preferred stock, options, warrants or any other securities convertible or exercisable into shares of common stock (whether the offering is conducted by the Company, underwriter, placement agent or any third party) but excluding any Excluded Securities, the Company shall be obligated to offer to the Buyer such issuance or sale of capital stock, by providing in writing the principal amount of capital it intends to raise and outline of the material terms of such capital raise, prior to the offering of such issuance or sale of capital stock to any third parties including, but not limited to, current or former officers or directors, current or former shareholders and/or investors of the obligor, underwriters, brokers, agents or other third parties. The Buyer shall have ten (10) business days from receipt of such notice of the sale or issuance of capital stock to accept or reject all or a portion of such capital raising offer.

3.13 Review of Public Disclosures . All SEC filings (including, without limitation, all filings required under the Exchange Act, which include Forms 10-Q and 10-QSB, 10-K and 10-KSB, 8-K, etc) and other public disclosures made by the Company, including, without limitation, all press releases, investor relations materials, and scripts of analysts meetings and calls, shall be reviewed and approved for release by the Company's attorneys and, if containing financial information, the Company's independent certified public accountants.

3.14 No Adjustment to Convertible Securities . For so long as the Notes remain outstanding, the Company shall not adjust any terms of any Convertible Securities, including, without limitation, reducing the conversion price, exchange price, exercise price or other purchase price, or increasing the number of shares of Common Stock issued or issuable under such Convertible Securities. "*Convertible Securities*" shall mean any right, obligation, or security directly or indirectly convertible into or exchangeable for Common Stock.

3.15 Board of Director Rights . So long as any Notes are outstanding, the Company shall allow one representative of Buyer to attend and participate, as an observer, in all meetings of the Board of Directors of the Company and all committees thereof. The Company shall give Buyer notice of all such meetings, at the same time as furnished to the directors of the Company.

3.16 Conditions to Draw the Proceeds Under the Note . After the Closing, Buyer shall provide funding of the proceeds under the Note conditioned as follows:

Condition to Draw

(a) Initial draw shall be no greater than \$500,000; once \$500,000 is reached, any subsequent draw must be thirty (30) days later

(b) No Default (or event which with notice or lapse of time or both would become a default) shall exist

(c) Buyer shall have received notice at least five (5) business days prior to such draw

(d) Each draw shall be made on notice by the Company with such notice made in writing (by facsimile or recognized overnight delivery service) substantially in the form of Exhibit 3.16 (d) and shall include the information required in such Exhibit and such other information as may be required by the Buyer

(e) No additional indebtedness or other liabilities shall be incurred, assumed or otherwise be reflected on the Company's consolidated financial statements, excluding trade payables and operating expenses incurred in the normal course of business

3.17 Drawing Period . Subject to the satisfaction (or waiver) of the terms and conditions of this Agreement, the Buyer agrees to provide funding of the proceeds under the Note for the period ending six (6) months from the date of the Agreement.

SECTION 4

Transfer Agent Instructions

4.1 Transfer Agent Instructions . The Company shall use its best efforts to cause its transfer agent, and any subsequent transfer agent, to enter into the Transfer Instructions Agreement and abide by the Irrevocable Transfer Agent Instructions, irrevocably appointing Mitchell Saltz, as the Company's agent for purpose of instructing its transfer agent to issue certificates registered in the name of the Buyer or its respective nominee(s), for the Conversion Shares issued upon conversion of the Notes and the Warrant Shares issued upon exercise of the Warrants as specified from time to time by Buyer to the Company upon conversion or exercise as the case may be. The Company shall not change its transfer agent without the express written consent of the Buyer, which shall not be unreasonably withheld. The Company warrants that, in respect of the Securities, no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 4.1, and stop transfer instructions to give effect to Section 2.2(g) hereof (in the case of the Warrant Shares prior to registration of such shares under the Securities Act), will be given by the Company to its transfer agent, and will use its best efforts to ensure that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the other Transaction Documents. If a Buyer effects a sale, assignment or transfer of the Securities in accordance with Section 2(f), the Company shall promptly instruct its transfer agent to issue one or more certificates in such name and in such denominations as specified by the Buyer to effect such sale, transfer or assignment and, with respect to any transfer, shall permit the transfer. In the event that such sale, assignment or transfer involves Warrant Shares sold, assigned or transferred pursuant to an effective Registration Statement or pursuant to Rule 144, the transfer agent shall issue such Securities to the Buyer, assignee or transferee, as the case may be, without any restrictive legend. Nothing in this Section 4.1 shall affect in any way the Buyer's obligations and agreement to comply with all applicable securities laws upon resale of the Conversion Shares and the Warrant Shares. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 4.1 will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 4.1, that the Buyer shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

SECTION 5

Conditions To The Company's Obligation to Sell

5.1 **Conditions to the Company's Obligation to Sell**. The obligation of the Company hereunder to issue and sell the Notes and Warrants to the Buyer at the Closing is subject to the satisfaction, at or before the date of this Agreement, of each of the following conditions, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

(a) Buyer shall have executed the Transaction Documents and delivered them to the Company.

(b) Buyer shall have delivered to the Company the purchase price for the Notes and Warrants minus any fees to be paid directly from the proceeds at the Closing as set forth herein, by wire transfer of immediately available U.S. funds pursuant to the wire instructions provided by the Company.

(c) The representations and warranties of the Buyer shall be true and correct in all material respects as of the date when made and as of the date of this Agreement as though made at that time (except for representations and warranties that speak as of a specific date), and the Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyer at or prior to the date of this Agreement.

SECTION 6

Conditions To The Buyer's Obligation To Purchase

6.1 **Conditions to the Buyer's Obligation to Purchase**. The obligation of the Buyer hereunder to purchase the Notes and the Warrants at the Closing is subject to the satisfaction, at or before the date of this Agreement, of each of the following conditions, provided that these conditions are for the Buyer's sole benefit and may be waived by the Buyer at any time in its sole discretion:

(a) The Company shall have executed the Transaction Documents and delivered the same to the Buyer.

(b) The representations and warranties of the Company shall be true and correct to the best of the Company's knowledge in all material respects (except to the extent that any of such representations and warranties is already qualified as to materiality in Section 2.2 above, in which case, such representations and warranties shall be true and correct without further qualification) as of the date when made and as of the date of this Agreement as though made at that time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the date of this Agreement.

(c) The Company shall have executed and delivered to Buyer the Notes and Warrants in the respective amounts.

(d) The Company shall have provided to the Buyer a true copy of a certificate of good standing evidencing the formation and good standing of the Company from the secretary of state (or comparable office) from the jurisdiction in which the Company is incorporated, as of a date within ten (10) days of the date of this Agreement.

(e) The Company shall have delivered to the Buyer a certificate, executed by the Secretary of the Company and dated within thirty (30) days of the date of this Agreement, as to (i) the resolutions consistent with Section 2.2(c) as adopted by the Company's Board of Directors in a form reasonably acceptable to such Buyer, (ii) the Amended and Restated Articles of Incorporation and (iii) the Bylaws, each as in effect at the Closing.

(f) The Company or the Buyer shall have filed a form UCC-1 or such other forms as may be required to perfect the Buyer's interest in the Pledged Property as detailed in the Security Agreement dated the date hereof and provided proof of such filing to the Buyer.

(g) The Company shall have created the Share Reserve.

(h) No event or series of events shall have occurred that would, individually or in the aggregate, have any effect that is material and adverse to the Company and such subsidiaries, taken as a whole, or that would prohibit or otherwise interfere with the ability of the Company to perform any of its obligations under the Transaction Documents.

(i) The Company shall have certified, in a certificate executed by two officers of the Company and dated as of the date of this Agreement, that to the best of its knowledge all conditions to the Closing have been satisfied.

SECTION 7

Indemnification, Affirmation and Waiver

7.1 In consideration of the Buyer's execution and delivery of this Agreement and acquiring the Notes, the Conversion Shares, the Warrants and the Warrant Shares hereunder, and in addition to all of the Company's other obligations under this Agreement, the Company shall defend, protect, indemnify and hold harmless Buyer and each other Holder of the Notes, the Conversion Shares, the Warrants and the Warrant Shares, and all of their officers, directors, employees and agents (including, without limitation, Mitchell Saltz, Southwest Capital Partners, LLC and those retained in connection with the transactions contemplated by this Agreement) (collectively, the "*Buyer Indemnitees*") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such indemnified party is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "*Indemnified Liabilities*"), incurred by the Buyer Indemnitees or any of them as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in this Agreement, the Notes, the Warrants or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in this Agreement, or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, or (c) any cause of action, suit or claim brought or made against such Buyer Indemnitee, other than due to intentional misconduct on the part of any of the Buyer Indemnitees, and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement or any other instrument, document or agreement executed pursuant hereto by any of the parties hereto, any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Notes or the status of the Buyer or holder of the Notes, the Conversion Shares, the Warrants or the Warrant Shares, as a Buyer of Notes in the Company. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

7.2 In consideration of the Company's execution and delivery of this Agreement, and in addition to all of the Buyer's other obligations under this Agreement, Buyer shall defend, protect, indemnify and hold harmless the Company and all of its officers, directors, employees and agents (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "*Company Indemnitees*") from and against any and all Indemnified Liabilities incurred by the Indemnitees or any of them as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Buyer in this Agreement, the Notes, the Warrants or any other Transaction Document or any other certificate, instrument or document contemplated hereby or thereby executed by the Buyer, (b) any breach of any covenant, agreement or obligation of the Buyer contained in this Agreement, or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby executed by the Buyer, or (c) any cause of action, suit or claim brought or made against such Company Indemnitee based on material misrepresentations or due to a material breach and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement, the Transaction Documents or any other instrument, document or agreement executed pursuant hereto by any of the parties hereto. To the extent that the foregoing undertaking by Buyer may be unenforceable for any reason, Buyer shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

7.3 In consideration of the Buyer's execution and delivery of this Agreement, and in addition to all of the Company's other obligations under this Agreement, the Company reaffirms its knowledge of the beneficial ownership interest of Mitchell Saltz in Buyer and Southwest Capital Partners, LLC and shall waive and fully release, and will hold harmless and forever discharge Mitchell Saltz, including his agents, employees, consultants, related companies, subsidiaries and attorneys from and against any and all liabilities, claims, demands, administrative complaints, causes of action and suits that it may have, or may hereafter acquire, of whatever kind and nature, known or unknown, presently existing or hereafter arising in the future, including, but not limited to, any claims and causes of action that arise from or relate to the beneficial ownership interest of Mitchell Saltz in Buyer and Southwest Capital Partners, LLC, acquiring the Notes, the Conversion Shares, the Warrants and the Warrant Shares, or any dealings between the parties thereby.

SECTION 8

Miscellaneous

8.1 Governing Law . This Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona without regard to the principles of conflict of laws. The parties further agree that any action between them shall be heard in Maricopa County, Arizona, and expressly consent to the jurisdiction and venue of the Superior Court of Maricopa County, Arizona, and the United States District Court for the District of Arizona sitting in Phoenix, Arizona for the adjudication of any civil action asserted pursuant to this Section.

8.2 Counterparts . This Agreement may be executed in two or more identical counterparts, all of which 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. In the event any signature page is delivered by facsimile transmission, the party using such means of delivery shall cause four (4) additional original executed signature pages to be physically delivered to the other party within five (5) days of the execution and delivery hereof.

8.3 Headings . The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

8.4 Severability . If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

8.5 Entire Agreement; Amendments . This Agreement supersedes all other prior oral or written agreements between the Buyer, the Company, their affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the party to be charged with enforcement.

8.6 Notices . Any notices, consents, waivers, or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered (i) upon receipt, when delivered personally; (ii) upon confirmation of receipt, when sent by facsimile; (iii) three (3) days after being sent by U.S. certified mail, return receipt requested, or (iv) one (1) day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company, to: Earth911, Inc.
1375 N. Scottsdale Rd., Suite 140
Scottsdale, AZ 85257
Attention: Chief Executive Officer
Telephone: (480) 337-3025
Facsimile: (480) 348-0422

With a copy to: Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Attention: Robert Kant
Telephone: (602) 445-8301
Facsimile: (602) 445-8100

If to Buyer, to: Stockbridge Enterprises, LP
7277 E. Doubletree Ranch Rd.
Suite 200
Attention: Mitchell Saltz
Telephone: (602) 885-7854
Facsimile: (602) 907-1613

With a copy to: Jeffrey R. Perry Law Firm, P.C.
7119 E. Shea Blvd., Suite 109-111
Scottsdale, AZ 85254-6107
Attention: Jeffrey Perry, Esq.
Telephone: (480) 368-5441
Facsimile: (866) 288-4877

Each party shall provide five (5) days' prior written notice to the other party of any change in address or facsimile number.

8.7 Successors and Assigns . This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Except as otherwise provided for in this Agreement, neither the Company nor the Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto.

8.8 No Third Party Beneficiaries . Except as otherwise provided for in this Agreement, this Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

8.9 Survival . Subject to Section 8.12, the representations and warranties of the Company and Buyer contained in Sections 2.1 and 2.2, the agreements and covenants set forth in Section 4, and the indemnification provisions set forth in Section 7, shall survive the Closing for a period of two (2) years following the date on which the Notes are converted in full. The Buyer shall be responsible only for its own representations, warranties, agreements and covenants hereunder.

8.10 Publicity . The Company and the Buyer shall have the right to approve, before issuance any press release or any other public statement with respect to the transactions contemplated hereby made by any party; provided, however, that the Company shall be entitled, without the prior approval of the Buyer, to issue any press release or other public disclosure with respect to such transactions required under applicable securities or other laws or regulations (the Company shall use its best efforts to consult the Buyer in connection with any such press release or other public disclosure prior to its release and Buyer shall be provided with a copy thereof upon release thereof).

8.11 **Further Assurances** . Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

8.12 **Termination** . In the event that the Closing shall not have occurred with respect to the Buyers on or before ten (10) business days following the date of this Agreement set forth in Section 1.2 due to the Company's or the Buyer's failure to satisfy the conditions set forth in Sections 5 and 6 above (and the non-breaching party's failure to waive such unsatisfied condition(s)), the non-breaching party shall have the option to terminate this Agreement with respect to such breaching party at the close of business on such date without liability of any party to any other party; provided, however, that if this Agreement is terminated by the Company pursuant to this Section 8.12, the Company shall remain obligated to reimburse the Buyer for its fees and expenses described in Section 3.7 above.

8.13 **Brokerage** . The Company represents that no broker, agent, finder or other party has been retained by it in connection with the transactions contemplated hereby and that no other fee or commission has been agreed by the Company to be paid for or on account of the transactions contemplated hereby.

8.14 **No Strict Construction** . The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Buyer and the Company have caused their respective signature page to this Securities Purchase Agreement to be duly executed as of the date first written above.

COMPANY:
EARTH911, INC.

By: /s/ Barry Monheit
Name: Barry Monheit
Title: Chief Executive Officer

BUYER:
STOCKBRIDGE ENTERPRISES, L.P.

By: /s/ Daniel Gross
Name: Daniel Gross
Title: Manager of the General Partner

LIST OF EXHIBITS:

Disclosure Schedule

Exhibit A – Form of Notes

Exhibit B – Form of Initial Warrant

Exhibit C – Form of Contingent Warrant

Exhibit 3.16 (d)

Securities Purchase Agreement

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DISCLOSURE SCHEDULE

Disclosure Schedules have been omitted pursuant to Regulation S-K Item 601(b)(2), and Infinity agrees to furnish a supplemental copy of such exhibits or schedules upon request of the SEC.

Securities Purchase Agreement
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THIS NOTE HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE. THESE SECURITIES HAVE BEEN SOLD 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.

EARTH911, INC.

SENIOR SECURED CONVERTIBLE NOTE

Issuance Date: March 22, 2012
No. EARTH911, INC.-1-

Original Principal Amount: \$1,000,000.00

FOR VALUE RECEIVED, EARTH911, INC., a Delaware corporation (the “*Company*”), hereby promises to pay to the order of STOCKBRIDGE ENTERPRISES, L.P., a Nevada limited partnership, or registered assigns (the “*Holder*”) the amount set out above as the original principal amount (as reduced pursuant to the terms hereof pursuant to redemption or otherwise, the “*Principal*”) when due, whether upon the Maturity Date (as defined below), acceleration, redemption or otherwise (in each case in accordance with the terms hereof) and to pay interest (“*Interest*”) on any outstanding Principal at the applicable Interest Rate (as defined herein) from the date set out above as the issuance date (the “*Issuance Date*”) until the same becomes due and payable, whether upon an Interest Date (as defined below), the Maturity Date or acceleration, redemption or otherwise (in each case in accordance with the terms hereof). This Senior Secured Convertible Note (including all senior secured notes issued in exchange, transfer or replacement hereof, this “*Note*”) is issued pursuant to the Securities Purchase Agreement, of even date herewith, by and between the Company and the Holder. Certain capitalized terms used herein are defined in Section 17.

1. GENERAL TERMS.

(a) **Payment of Principal.** On the Maturity Date, the Company shall pay to the Holder an amount in cash representing all outstanding Principal, accrued and unpaid Interest. The “*Maturity Date*” shall be March 22, 2013, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined below) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default. Other than as specifically permitted by this Note, the Company may not prepay or redeem any portion of the outstanding Principal without the prior written consent of the Holder.

(b) **Interest.** Interest shall accrue on the outstanding principal balance hereof at an annual rate equal to six percent (6%) ("*Interest Rate*"). Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed, to the extent permitted by applicable law. Interest hereunder shall be paid in cash in arrears on each Interest Payment Date (as defined herein) and on the Maturity Date (or sooner as provided herein) to the Holder or its assignee in whose name this Note is registered on the records of the Company regarding registration and transfers of Notes.

(c) **Default Rate of Interest.** If any principal of or interest on the Notes is not paid when due or there exists any other Default or Event of Default, the Notes shall bear interest thereafter at the rate of three percent (3%) per annum in excess of the rate specified in Section 1.(b) until the Interest Payment Date next following, as applicable, either the date on which such overdue principal or interest is paid in full or the date on which such other Default or Event of Default is cured. If any principal of the Notes remains outstanding on the six (6) month anniversary of the Maturity Date, the Notes shall bear interest at the rate of six percent (6%) per annum in excess of the rate specified in Section 1.(b) with such rate increasing by three percent (3%) per annum for each subsequent six (6) month anniversary of the Maturity Date.

(d) **Security.** The obligations of the Company hereunder are (i) guaranteed by each subsidiary of the Company pursuant to a Guaranty Agreement dated the date hereof (the "*Guaranty*"), (ii) secured by a pledge of the Pledged Property (as defined in the Security Agreement (the "*Security Agreement*") among the Holder, the Company, and each subsidiary of the Company, and (iii) further secured by a pledge of the Patent Collateral (as defined in the Patent Security Agreement (the "*Patent Security Agreement*") among the Holder, the Company, and each subsidiary of the Company.

2. **EVENTS OF DEFAULT.**

(a) An "*Event of Default*," wherever used herein, means any one 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) The Company's failure to pay to the Holder any amount of Principal, Interest, or other amounts when and as due under this Note (including, without limitation, the Company's failure to pay any redemption payments or amounts hereunder) or under any other Transaction Document (as defined herein);

(ii) The Company or any subsidiary of the Company shall commence, or there shall be commenced against the Company or any subsidiary of the Company under any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or the Company or any subsidiary of the Company commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Company or any subsidiary of the Company or there is commenced against the Company or any subsidiary of the Company any such bankruptcy, insolvency or other proceeding which remains undismissed for a period of one hundred eighty (180) days; or the Company or any subsidiary of the Company is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Company or any subsidiary of the Company suffers any appointment of any custodian, private or court appointed receiver or the like for it or any substantial part of its property which continues undischarged or unstayed for a period of one hundred eighty (180) days; or the Company or any subsidiary of the Company makes a general assignment for the benefit of creditors; or the Company or any subsidiary of the Company shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or the Company or any subsidiary of the Company shall call a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or the Company or any subsidiary of the Company shall by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate or other action is taken by the Company or any subsidiary of the Company for the purpose of effecting any of the foregoing;

(iii) The Company or any subsidiary of the Company shall default in any of its obligations under any other debenture or any mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement of the Company or any subsidiary of the Company in an amount exceeding \$50,000, whether such indebtedness now exists or shall hereafter be created and such default shall result in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable;

(iv) The Company or any subsidiary of the Company shall be a party to any Change of Control Transaction (as defined in Section 6) unless in connection with such Change of Control Transaction this Note is retired;

(v) The Company shall fail for any reason to deliver the payment in cash pursuant to a Buy-In (as defined herein) within three (3) Business Days (as defined herein) after such payment is due;

(vi) The Company shall fail to observe or perform any other covenant, agreement or warranty contained in, or otherwise commit any breach or default of any provision of this Note (except as may be covered by Section 2(a)(i) through 2(a)(v) hereof) or any Transaction Document, which failure is not cured within the time prescribed.

(b) During the time that any portion of this Note is outstanding, if any Event of Default has occurred, the full unpaid Principal amount of this Note, together with interest and other amounts owing in respect thereof, to the date of acceleration shall become at the Holder's election, immediately due and payable in cash. The Holder need not provide and the Company hereby waives any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such declaration may be rescinded and annulled by Holder at any time prior to payment hereunder. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

3. COMPANY REDEMPTION.

(a) **Company Cash Redemption.** The Company at its option shall have the right to redeem ("*Optional Redemption*") a portion or all amounts outstanding under this Note prior to the Maturity Date, without premium or penalty, by delivering a written notice to the Holder of its intention to make a redemption (the "*Redemption Notice*") setting forth the amount of Principal it desires to redeem with accrued Interest thereon (collectively, the "*Redemption Amount*"), confirming that the conditions to such redemption have been satisfied, and setting forth the date the Optional Redemption is to be made (the "*Redemption Date*"). Once a Redemption Notice is delivered to the Holder, the Note (or portion thereof) called for redemption shall become irrevocably due and payable on the applicable Redemption Date and at the applicable Redemption Amount. If the Company plans to repay the outstanding Principal, the Company shall provide Buyer with ten (10) days prior written notice of such and provide proof of sufficient funds in escrow to satisfy the Redemption Amount.

(b) **Mandatory Redemption**. The Company shall be required to redeem all outstanding amounts of Principal and accrued Interest upon the occurrence of an Event of Default. In the event of the closing of any financing transaction or funding of the Company or any of its other subsidiaries or affiliated companies, the proceeds of the financing transaction or funding shall be applied to redeem the outstanding amounts of Principal as follows: (i) the Company shall not be obligated to use any proceeds towards repayment of the outstanding amounts of Principal with respect to the first \$100,000 raised; (ii) at the election of the Buyer, twenty-five percent (25%) of the next \$100,000 raised shall be applied to redeeming the outstanding amounts of Principal; and (iii) at the election of the Buyer, fifty percent (50%) of any proceeds raised in excess of \$200,000 shall be applied to redeeming the outstanding amounts of Principal. The Company will notify Buyer within five (5) days of such financing transaction or funding.

4. **CONVERSION OF NOTE**. This Note shall be convertible into shares of the Company's Common Stock (as defined herein), on the terms and conditions set forth in this Section 4.

(a) **Conversion Right at the Maturity Date**. At any time that any amount of Principal and accrued Interest is outstanding prior to the Maturity Date and for a period of five (5) years thereafter, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into fully paid and nonassessable shares of Common Stock in accordance with Section 4(b), at the Conversion Rate (as defined below). The number of shares of Common Stock issuable upon conversion of any Conversion Amount pursuant to this Section 4(a) shall be determined by dividing (x) such Conversion Amount by (y) the Conversion Price (the "*Conversion Rate*"). The Company shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up to the nearest whole share. The Company shall pay any and all transfer, stamp and similar taxes that may be payable with respect to the issuance and delivery of Common Stock upon conversion of any Conversion Amount. If the Company plans to repay the outstanding Principal after the Maturity Date, the Company shall provide Buyer with ten (10) days prior written notice of such.

(i) "**Conversion Amount**" means the portion of the Principal and accrued Interest outstanding at the Maturity Date that is to be converted, redeemed or otherwise with respect to which this determination is being made.

(ii) "**Conversion Price**" means, as of any Conversion Date (as defined below) before the occurrence of any Triggering Event, if prior to the Maturity Date, \$1.00, or if after the Maturity Date, \$0.50, subject to adjustment as provided herein (the "*Fixed Conversion Price*"), and as of any Conversion Date following the occurrence of any Triggering Event, the lower of (a) the Fixed Conversion Price or (b) the average Closing Bid Price during the ten (10) Trading Days immediately preceding the Conversion Date (the "*Market Conversion Price*").

(b) **Mechanics of Conversion**.

(i) **Optional Conversion**. To convert any Conversion Amount into shares of Common Stock on any date (a "*Conversion Date*"), the Holder shall (A) transmit by facsimile (or otherwise deliver), for receipt on or prior to 11:59 p.m., New York Time, on such date, a copy of an executed notice of conversion in the form attached hereto as Exhibit I (the "*Conversion Notice*") to the Company and (B) if required by Section 4(c)(iv), surrender this Note to a nationally recognized overnight delivery service for delivery to the Company (or an indemnification undertaking reasonably satisfactory to the Company with respect to this Note in the case of its loss, theft or destruction). On or before the third Business Day following the date of receipt of a Conversion Notice (the "*Share Delivery Date*"), the Company shall issue and deliver to the address as specified in the Conversion Notice, a certificate, registered in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder shall be entitled which certificates shall not bear any restrictive legends unless required pursuant to Section 2.1(g) of the Securities Purchase Agreement. If this Note is physically surrendered for conversion and the outstanding Principal of this Note is greater than the Principal portion of the Conversion Amount being converted, then the Company shall as soon as practicable and in no event later than three (3) Business Days after receipt of this Note and at its own expense, issue and deliver to the Holder a new Note representing the outstanding Principal not converted. The Person or Persons entitled to receive the shares of Common Stock issuable upon a conversion of this Note shall be treated for all purposes as the record Holder or Holders of such shares of Common Stock upon the transmission of a Conversion Notice.

(ii) **Company's Failure to Timely Convert**. The Company understands that a delay in the delivery of the certificates representing the Common Stock issuable upon conversion of this Note could result in economic loss to the Holder. If after the third Trading Day after the Company's receipt of a facsimile copy of a Conversion Notice (" *Share Delivery Due Date* ") the Company has failed to issue and deliver a certificate to the Holder upon such Holder's conversion of any Conversion Amount (a " *Conversion Failure* "), and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) Common Stock to deliver in satisfaction of a sale by the Holder of Common Stock issuable upon such conversion that the Holder anticipated receiving from the Company (a " *Buy-In* "), then the Company shall, within three (3) Business Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other out of pocket expenses, if any) for the shares of Common Stock so purchased (the " *Buy-In Price* "), at which point the Company's obligation to deliver such certificate (and to issue such Common Stock) shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such Common Stock and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) the Closing Bid Price on the Conversion Date.

(iii) **Book-Entry**. Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Company unless (A) the full Conversion Amount represented by this Note is being converted or (B) the Holder has provided the Company with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of this Note upon physical surrender of this Note. The Holder and the Company shall maintain records showing the Principal and Interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Note upon conversion.

(c) **Other Provisions**.

(i) The Company shall at all times reserve and keep available out of its authorized Common Stock the full number of shares of Common Stock issuable upon conversion of all outstanding amounts under this Note; and within fifteen (15) Business Days following the receipt by the Company of a Holder's notice that such minimum number of Underlying Shares (as defined herein) is not so reserved, the Company shall promptly take such actions as required in order to reserve a sufficient number of shares of Common Stock to comply with such requirement.

(ii) All calculations under this Section 4 shall be rounded to the nearest \$0.0001 or whole share.

(iii) The Company covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock solely for the purpose of issuance upon conversion of this Note and payment of interest on this Note, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of persons other than the Holder, not less than such number of shares of the Common Stock as shall (subject to any additional requirements of the Company as to reservation of such shares set forth in this Note or in the Transaction Documents) be issuable (taking into account the adjustments and restrictions set forth herein) upon the conversion of the outstanding principal amount of this Note and payment of interest hereunder. The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly and validly authorized, issued and fully paid, nonassessable and, if the Underlying Shares Registration Statement has been declared effective under the Securities Act, registered for public sale in accordance with such Underlying Shares Registration Statement.

(iv) Nothing herein shall limit a Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 2 herein for the Company's failure to deliver certificates representing shares of Common Stock upon conversion within the period specified herein and such Holder shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief, in each case without the need to post a bond or provide other security. The exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

5. **ADJUSTMENTS TO CONVERSION PRICE**

(a) **Adjustment of Conversion Price upon Issuance of Common Stock**. If the Company, at any time while this Note is outstanding, issues or sells, or in accordance with this Section 5(a) is deemed to have issued or sold, any shares of Common Stock, excluding shares of Common Stock, Convertible Securities or Options deemed to have been issued or sold by the Company in connection with any Excluded Securities, for a consideration per share (the "*New Issuance Price*") less than a price equal to the Conversion Price in effect immediately prior to such issue or sale (such price the "*Applicable Price*") (the foregoing a "*Dilutive Issuance*"), then immediately after such Dilutive Issuance the Conversion Price then in effect shall be reduced to an amount equal to the product of (X) the Conversion Price in effect immediately prior to such Dilutive Issuance and (Y) the quotient determined by dividing (1) the sum of (i) the product derived by multiplying the Conversion Price in effect immediately prior to such Dilutive Issuance and the number of shares of Common Stock deemed outstanding immediately prior to such Dilutive Issuance plus (ii) the consideration, if any, received by the Company upon such Dilutive Issuance, by (2) the product derived by multiplying (i) the Conversion Price in effect immediately prior to such Dilutive Issuance by (ii) the number of shares of Common Stock deemed outstanding immediately after such Dilutive Issuance. For purposes of determining the adjusted Conversion Price under this Section 5(a), the following shall be applicable:

(i) **Issuance of Options**. If the Company in any manner grants or sells any Options 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 issuable upon exercise of such Option is less than the Applicable Price, then such share of Common Stock 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, 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 Conversion Price shall be made upon the actual issuance of such share of Common Stock or of such Convertible Securities upon the exercise of such Options or upon the actual issuance of such Common Stock upon conversion or exchange or exercise of such 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 such share of Common Stock 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, 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 Conversion 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 Conversion Price had been or are to be made pursuant to other provisions of this Section, no further adjustment of the Conversion 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 Conversion Price in effect at the time of such change shall be adjusted to the Conversion 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, if the terms of any Option or Convertible Security that was outstanding as of the Issuance Date 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 Conversion Price then in effect.

(iv) **Calculation of Consideration Received**. In case 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 the difference of (X) the aggregate fair market value of such Options and other securities issued or sold in such integrated transaction, less (Y) the fair market value of the securities other than such Option, issued or sold in such transaction and the other securities issued or sold in such integrated transaction will be deemed to have been issued or sold for the balance of the consideration received by the Company. 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 raised by the Company; provided, however, that such gross amount is not greater than 110% of the net amount received by the Company therefor. If any Common Stock, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company will be the fair value of such consideration, except where such consideration consists of securities, in which case the amount of consideration received by the Company will be the Closing Bid Price of such securities on the date of receipt. 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 of the non-surviving entity as is attributable to such Common Stock, Options or Convertible Securities, as the case may be. The fair value of any consideration other than cash or securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the “*Valuation Event*”), the fair value of such consideration will be determined within five (5) Business Days after the tenth (10th) day following the Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder. The determination of such appraiser shall be deemed binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Company.

(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) **Adjustment of Conversion Price upon Subdivision or Combination of Common Stock**. If the Company, at any time while this Note is outstanding, shall (i) pay a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock, (ii) subdivide outstanding shares of Common Stock into a larger number of shares, (iii) combine (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issue by reclassification of shares of the Common Stock any shares of capital stock of the Company, then the Conversion 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 before such event and of which the denominator shall be the number of shares of Common Stock outstanding after such event. Any adjustment made pursuant to this Section 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.

(c) **Purchase Rights**. If at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "*Purchase Rights*"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without taking into account any limitations or restrictions on the convertibility of this Note) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(d) **Other Events**. If any event occurs of the type contemplated by the provisions of this Section 5 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 will make an appropriate adjustment in the Conversion Price so as to protect the rights of the Holder under this Note; provided that no such adjustment will increase the Conversion Price as otherwise determined pursuant to this Section 5.

(e) **Other Corporate Events**. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a "*Corporate Event*"), the Company shall make appropriate provision to insure that the Holder will thereafter have the right to receive upon a conversion of this Note, at the Holder's option, (i) in addition to the shares of Common Stock receivable upon such conversion, such securities or other assets to which the Holder would have been entitled with respect to such shares of Common Stock had such shares of Common Stock been held by the Holder upon the consummation of such Corporate Event (without taking into account any limitations or restrictions on the convertibility of this Note) or (ii) in lieu of the shares of Common Stock otherwise receivable upon such conversion, such securities or other assets received by the holders of shares of Common Stock in connection with the consummation of such Corporate Event in such amounts as the Holder would have been entitled to receive had this Note initially been issued with conversion rights for the form of such consideration (as opposed to shares of Common Stock) at a conversion rate for such consideration commensurate with the Conversion Rate. Provision made pursuant to the preceding sentence shall be in a form and substance satisfactory to the Holder. The provisions of this Section shall apply similarly and equally to successive Corporate Events and shall be applied without regard to any limitations on the conversion or redemption of this Note.

Whenever the Conversion Price is adjusted pursuant to Section 5 hereof, the Company shall promptly mail to the Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(f) **Rights Upon Fundamental Transaction**. Notwithstanding the provisions of Section 5(a), if at any time while this Note is outstanding, (i) the Company effects any statutory reorganization, merger or consolidation of the Company or any subsidiary of the Company with or into another Person where the Company either is or is not the surviving party other than a change of domicile merger, (ii) the Company or any subsidiary of the Company effects any sale of more than one-half of the assets of the Company 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 (collectively, a "*Fundamental Transaction*"), the Holder shall have the right, at its election, to (1) require the redemption of all amounts owed under this Note, including Principal, accrued and unpaid Interest, and any other charges, (2) convert the aggregate amount of this Note then outstanding into the shares of stock and other securities, cash and property receivable upon or deemed to be held by holders of Common Stock following such Fundamental Transaction, and such Holder shall be entitled upon such event or series of related events to receive such amount of securities, cash and property as the shares of Common Stock into which such aggregate amount of this Note could have been converted immediately prior to such Fundamental Transaction would have been entitled, or (3) in the case of a statutory reorganization, merger or consolidation, require the surviving entity to issue to the Holder a convertible Note with a principal amount equal to the aggregate principal amount of this Note then held by such Holder, plus all accrued and unpaid interest and other amounts owing thereon, which such newly issued convertible Note shall have terms identical (including with respect to conversion) to the terms of this Note, and shall be entitled to all of the rights and privileges of the Holder of this Note set forth herein and the agreements pursuant to which this Note was issued. In the case of clause (3), the conversion price applicable for the newly issued convertible note shall be based upon the amount of securities, cash and property that each share of Common Stock would receive in such transaction and the Conversion Price in effect immediately prior to the effectiveness or closing date for such transaction. The terms of any Fundamental Transaction shall include such terms so as to continue to give the Holder the right to receive the securities, cash and property set forth in this Section upon any conversion or redemption following such event. This provision shall similarly apply to such successive events. In the event that the Holder chooses to convert the Note pursuant to clause (2) of this section and the valuation of the Company for the purposes of the Fundamental Transaction is less than, if prior to the Maturity Date, \$1.00 per share, or if after the Maturity Date, \$0.50 per share, then the Conversion Price of the Note shall be adjusted downward to a price equal to the per share valuation of the Fundamental Transaction. Nothing in this Section 5 shall prohibit the Company from exercising its right to prepay the principal amount outstanding under the Notes, in whole or in part, together with the accrued and unpaid interest owing, if any, prior to or in connection with any such Fundamental Transaction, as permitted by and in compliance with Section 3.

6. **REISSUANCE OF THIS NOTE**.

(a) **Transfer**. If this Note is to be transferred, the Holder shall surrender this Note to the Company, whereupon the Company will, subject to the satisfaction of the transfer provisions of the Securities Purchase Agreement, forthwith issue and deliver upon the order of the Holder a new Note (in accordance with Section 6(d)), registered in the name of the registered transferee or assignee, representing the outstanding Principal being transferred by the Holder and, if less than the entire outstanding Principal is being transferred, a new Note (in accordance with Section 6(d)) to the Holder representing the outstanding Principal not being transferred. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of Section 4(b)(iii) following conversion or redemption of any portion of this Note, the outstanding Principal represented by this Note may be less than the Principal stated on the face of this Note.

(b) **Lost, Stolen or Mutilated Note**. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note (in accordance with Section 6(d)) representing the outstanding Principal.

(c) **Note Exchangeable for Different Denominations**. This Note is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Note or Notes (in accordance with Section 6(d)) representing in the aggregate the outstanding Principal of this Note, and each such new Note will represent such portion of such outstanding Principal as is designated by the Holder at the time of such surrender.

(d) **Issuance of New Notes**. Whenever the Company is required to issue a new Note pursuant to the terms of this Note, such new Note (i) shall be of like tenor with this Note, (ii) shall represent, as indicated on the face of such new Note, the Principal remaining outstanding (or in the case of a new Note being issued pursuant to Section 6(a) or Section 6(c), the Principal designated by the Holder which, when added to the principal represented by the other new Notes issued in connection with such issuance, does not exceed the Principal remaining outstanding under this Note immediately prior to such issuance of new Notes), (iii) shall have an issuance date, as indicated on the face of such new Note, which is the same as the Issuance Date of this Note, (iv) shall have the same rights and conditions as this Note, and (v) shall represent accrued and unpaid Interest from the Issuance Date.

7. MISCELLANEOUS.

(a) Any notices, consents, waivers or other communications required or permitted to be given under the terms hereof must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one (1) Trading Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company, to: Earth911, Inc.
1375 N. Scottsdale Rd., Suite 140
Scottsdale, AZ 85257
Attention: Chief Executive Officer
Telephone: (480) 337-3024
Facsimile: (480) 348-0422

With a copy to: Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Attention: Robert Kant
Telephone: (602) 445-8301
Facsimile: (602) 445-8100

If to the Holder: Stockbridge Enterprises, LP
7377 E. Doubletree Ranch Road, Suite 200
Scottsdale, AZ 85258
Attention: Mitchell Saltz
Telephone: (602) 885-7854
Facsimile: (602) 907-1613

With a copy to: Jeffrey R. Perry Law Firm, P.C.
7119 E. Shea Blvd., Suite 109-111
Scottsdale, AZ 85254-6107
Attention: Jeffrey Perry, Esq.
Telephone: (480) 368-5441
Facsimile: (866) 288-4877

or at such other address and/or facsimile number and/or to the attention of such other person as the recipient party has specified by written notice given to each other party three (3) Business Days prior to the effectiveness of such change. Written confirmation of receipt (i) given by the recipient of such notice, consent, waiver or other communication, (ii) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (iii) provided by a nationally recognized overnight delivery service, shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

(b) Except as expressly provided herein, no provision of this Note shall alter or impair the obligations of the Company, which are absolute and unconditional, to pay the principal of, interest and other charges (if any) on, this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct obligation of the Company. As long as this Note is outstanding, the Company shall not and shall cause their subsidiaries not to, without the consent of the Holder, (i) amend its certificate of incorporation, bylaws or other charter documents so as to adversely affect any rights of the Holder; (ii) repay, repurchase or offer to repay, repurchase or otherwise acquire shares of its Common Stock or other equity securities other than as to the Underlying Shares to the extent permitted or required under the Transaction Documents; or (iii) enter into any agreement with respect to any of the foregoing.

(c) This Note shall not entitle the Holder to any of the rights of a stockholder of the Company, including without limitation, the right to vote, to receive dividends and other distributions, unless and to the extent converted into shares of Common Stock in accordance with the terms hereof.

(d) This Note shall be governed by and construed in accordance with the laws of the State of Arizona, without giving effect to conflicts of laws thereof. Each of the parties consents to the jurisdiction of the Superior Courts of the State of Arizona sitting in Maricopa County, Arizona and the U.S. District Court for the District of Arizona sitting in Phoenix, Arizona in connection with any dispute arising under this Note and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens to the bringing of any such proceeding in such jurisdictions.

(e) If the Company fails to strictly comply with the terms of this Note, then the Company shall reimburse the Holder promptly for all fees, costs and expenses, including, without limitation, attorneys' fees and expenses incurred by the Holder in any action in connection with this Note, including, without limitation, those incurred: (i) during any workout, attempted workout, and/or in connection with the rendering of legal advice as to the Holder's rights, remedies and obligations, (ii) collecting any sums which become due to the Holder, (iii) defending or prosecuting any proceeding or any counterclaim to any proceeding or appeal; or (iv) the protection, preservation or enforcement of any rights or remedies of the Holder.

(f) Any waiver by the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver must be in writing.

(g) If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder shall violate applicable laws governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum permitted rate of interest. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this indenture, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such law as though no such law has been enacted.

(h) Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(i) THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION DOCUMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES' ACCEPTANCE OF THIS AGREEMENT.

8. **CERTAIN DEFINITIONS** For purposes of this Note, the following terms shall have the following meanings:

“**Approved Stock Plan**” means a stock option plan that has been approved by the Board of Directors of the Company.

“**Bloomberg**” means Bloomberg Financial Markets.

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

“**Change of Control Transaction**” means the occurrence of (a) an acquisition after the date hereof by an individual or legal entity or “group” (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of fifty percent (50%) of the voting securities of the Company (except that the acquisition of voting securities by the Holder shall not constitute a Change of Control Transaction for purposes hereof), (b) a replacement at one time or over time of more than one-half of the members of the board of directors of the Company which is not approved by a majority of those individuals who are members of the board of directors on the date hereof (or by those individuals who are serving as members of the board of directors on any date whose nomination to the board of directors was approved by a majority of the members of the board of directors who are members on the date hereof), or (c) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth above in (a) or (b).

“**Closing Bid Price**” means the price per share in the last reported trade of the Common Stock on a Primary Market or on the exchange which the Common Stock is then listed as quoted by Bloomberg.

“**Convertible Securities**” means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for Common Stock.

“**Common Stock**” means the common stock, par value \$0.0001, of the Company and stock of any other class into which such shares may hereafter be changed or reclassified including securities received in a Corporate Event or Fundamental Transaction.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Excluded Securities**” means, (a) shares or options issued or deemed to have been issued by the Company pursuant to an Approved Stock Plan (b) shares of Common Stock issued or deemed to be issued by the Company upon the conversion, exchange or exercise of any right, option, obligation or security outstanding on the date prior to the date of the Securities Purchase Agreement, provided that the terms of such right, option, obligation or security are not amended or otherwise modified on or after the date of the Securities Purchase Agreement, and provided that the conversion price, exchange price, exercise price or other purchase price is not reduced, adjusted or otherwise modified and the number of shares of Common Stock issued or issuable is not increased (whether by operation of, or in accordance with, the relevant governing documents or otherwise) on or after the date of the Securities Purchase Agreement, (c) shares issued in connection with any acquisition by the Company, whether through an acquisition of stock or a merger of any business, assets or technologies, leasing arrangement or any other transaction the primary purpose of which is not to raise equity capital, and (d) the shares of Common Stock issued or deemed to be issued by the Company upon conversion of this Note.

“**Interest Payment Date**” shall mean the first day of each calendar month beginning on May 1, 2012.

“**Options**” means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

“**Person**” means a corporation, a limited liability company, an association, a partnership, organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

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

“**Securities Purchase Agreement**” means the Securities Purchase Agreement dated March 22, 2012 by and among the Company and the Buyer.

“**Trading Day**” means a day on which the shares of Common Stock are quoted on the OTCBB or quoted or traded on such Primary Market on which the shares of Common Stock are then quoted or listed; provided, that in the event that the shares of Common Stock are not listed or quoted, then Trading Day shall mean a Business Day.

“**Transaction Documents**” means the Securities Purchase Agreement or any other agreement delivered in connection with the Securities Purchase Agreement, including, without limitation, the Security Documents and the Warrants.

“**Triggering Event**” means the occurrence of a Corporate Event or Fundamental Transaction whereby the Common Stock is listed or quoted for trading on any of (1) the American Stock Exchange, (2) New York Stock Exchange, (3) the Nasdaq Global Market, (4) the Nasdaq Capital Market, or (5) the Nasdaq OTC Bulletin Board.

“**Underlying Shares**” means the shares of Common Stock issuable upon conversion of this Note.

“**Volume Weighted Average Price**” means, for any security as of any date, the daily dollar volume-weighted average price for such security on the Primary Market as reported by Bloomberg through its “Historical Prices – Px Table with Average Daily Volume” functions, or, if no dollar volume-weighted average price is reported for such security by Bloomberg, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the “pink sheets” by Pink Sheets LLC.

“**Warrants**” has the meaning ascribed to such term in the Securities Purchase Agreement, and shall include all warrants issued in exchange therefore or replacement thereof.

[Signature Page Follows]

Form of Senior Secured Convertible Note
Page **15** of **17**

IN WITNESS WHEREOF , the Company has caused this Senior Secured Convertible Note to be duly executed by a duly authorized officer as of the date set forth above.

COMPANY:
EARTH911, INC.

By: /s/ Barry Monheit
Name: Barry Monheit
Title: CEO

EXHIBIT I
CONVERSION NOTICE

(To be executed by the Holder in order to Convert the Note)

TO:

The undersigned hereby irrevocably elects to convert \$ _____ of the principal amount of Note No.EARTH911, INC.-1-1 into shares of Common Stock of **EARTH911, INC.** , according to the conditions stated therein, as of the Conversion Date written below.

Conversion Date: _____

Conversion Amount to be converted: \$ _____

Conversion Price: \$ _____

Number of shares of Common Stock to be issued: _____

Amount of Note Unconverted: \$ _____

Please issue the shares of Common Stock in the following name and to the following address:

Issue to: _____

Authorized Signature: _____

Name: _____

Title: _____

Account Number: _____

WARRANT

THE SECURITIES REPRESENTED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

EARTH911, INC.

Warrant To Purchase Common Stock

Warrant No.: EARTH911, INC.-1-1

Number of Shares:	1,000,000
Warrant Exercise Price:	\$1.00
Expiration Date:	March 22, 2017

Date of Issuance: March 22, 2012

EARTH911, INC., a Delaware corporation (the “*Company*”), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **STOCKBRIDGE ENTERPRISES, L.P.**, a Nevada limited partnership, the registered holder (the “*Holder*”) hereof or its permitted assigns, is entitled, subject to the terms set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof, but not after 11:59 P.M. Eastern Time on the Expiration Date (as defined herein) 1,000,000 fully paid and nonassessable shares of Common Stock (as defined herein) of the Company (the “*Warrant Shares*”) at the exercise price per share provided in Section 1(b) below or as subsequently adjusted. This Warrant is issued pursuant to the Securities Purchase Agreement, dated March 22, 2012, by and between the Company and the Holder (the “*Agreement*”).

1. Definitions.

(a) This Warrant is issued pursuant to the Securities Purchase Agreement (“*Securities Purchase Agreement*”), dated March 22, 2012, between the Company and the Holder or issued in exchange or substitution thereafter or replacement thereof. Each Capitalized term used, and not otherwise defined herein, shall have the meaning ascribed thereto in the Securities Purchase Agreement.

(b) The following words and terms as used in this Warrant shall have the following meanings:

“**Approved Stock Plan**” means a stock option plan that has been approved by the Board of Directors of the Company.

“**Business Day**” means any day other than Saturday, Sunday or other day on which commercial banks in the City of Phoenix, Arizona are authorized or required by law to remain closed.

“**Closing Bid Price**” means the closing bid price of Common Stock as quoted on the Principal Market (as reported by Bloomberg Financial Markets (“**Bloomberg**”) through its “Volume at Price” function).

“**Common Stock**” means (i) the Company’s common stock, par value \$0.0001 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

“**Notes**” means the Senior Secured Convertible Notes issued pursuant to the Securities Purchase Agreement.

“**Excluded Securities**” means, (a) shares issued or deemed to have been issued by the Company pursuant to an Approved Stock Plan, (b) shares of Common Stock issued or deemed to be issued by the Company upon the conversion, exchange or exercise of any right, option, obligation or security outstanding on the date prior to the date of the Securities Purchase Agreement, provided that the terms of such right, option, obligation or security are not amended or otherwise modified on or after the date of the Securities Purchase Agreement, and provided that the conversion price, exchange price, exercise price or other purchase price is not reduced, adjusted or otherwise modified and the number of shares of Common Stock issued or issuable is not increased (whether by operation of, or in accordance with, the relevant governing documents or otherwise) on or after the date of the Securities Purchase Agreement, and (c) the shares of Common Stock issued or deemed to be issued by the Company upon conversion of the Convertible Notes or exercise of the Warrants.

“**Expiration Date**” means March 22, 2017.

“**Issuance Date**” means the date hereof.

“**Options**” means any rights, warrants or options to subscribe for or purchase Common Stock and which are not Excluded Securities.

“**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

“**Primary Market**” means on any of (a) the American Stock Exchange, (b) New York Stock Exchange, (c) the Nasdaq Global Select Market, (d) the Nasdaq Global Market, (e) the Nasdaq Capital Market, or (e) the Over-the-Counter Bulletin Board (“**OTCBB**”)

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Warrant**” means this Warrant and all Warrants issued in exchange, transfer or replacement thereof.

“**Warrant Exercise Price**” shall be, as of any exercise date before the occurrence of any Triggering Event, \$1.00 (the “*Fixed Exercise Price*”), and, as of any exercise date following the occurrence of any Triggering Event, the lower of (a) the Fixed Exercise Price or (b) the average Closing Bid Price during the ten (10) Trading Days immediately preceding the exercise date, or as subsequently adjusted as provided in Section 8 hereof.

Other Definitional Provisions.

Except as otherwise specified herein, all references herein (i) to the Company shall be deemed to include the Company's successors and (ii) to any applicable law defined or referred to herein shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

When used in this Warrant, the words "herein," "hereof," and "hereunder" and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words "Section," "Schedule," and "Exhibit" shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

2. Exercise of Warrant.

(a) Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder hereof then registered on the books of the Company, in whole or in part, at any time on any Business Day on or after the opening of business on such Business Day, commencing with the first day after the date hereof, and prior to 11:59 P.M. Eastern Time on the Expiration Date (i) by delivery of a written notice, in the form of the subscription notice attached as Exhibit A hereto (the "*Exercise Notice*"), of such Holder's election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased, payment to the Company of an amount equal to the Warrant Exercise Price(s) applicable to the Warrant Shares being purchased, multiplied by the number of Warrant Shares (at the applicable Warrant Exercise Price) as to which this Warrant is being exercised (plus any applicable issue or transfer taxes) (the "*Aggregate Exercise Price*") in cash or wire transfer of immediately available funds and the surrender of this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) to a common carrier for overnight delivery to the Company as soon as practicable following such date ("*Cash Basis*") or (ii) if at the time of exercise, the Warrant Shares are not subject to an effective registration statement by delivering an Exercise Notice and in lieu of making payment of the Aggregate Exercise Price in cash or wire transfer, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (the "*Cashless Exercise*"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A = the total number of Warrant Shares with respect to which this Warrant is then being exercised.

B = the Closing Bid Price of the Common Stock on the date of exercise of the Warrant.

C = the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(b) In the event of any exercise of the rights represented by this Warrant in compliance with this Section 2, the Company shall on or before the fifth (5th) Business Day following the date of receipt of the Exercise Notice, the Aggregate Exercise Price and this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) and the receipt of the representations of the Holder specified in Section 6 hereof, if requested by the Company (the “*Exercise Delivery Documents*”), and if the Common Stock is The Depository Trust Company (“*DTC*”) eligible, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder’s or its designee’s balance account with DTC; provided, however, if the Holder who submitted the Exercise Notice requested physical delivery of any or all of the Warrant Shares, or, if the Common Stock is not DTC eligible then the Company shall, on or before the fifth (5th) Business Day following receipt of the Exercise Delivery Documents, issue and surrender to a common carrier for overnight delivery to the address specified in the Exercise Notice, a certificate, registered in the name of the Holder, for the number of shares of Common Stock to which the Holder shall be entitled pursuant to such request. Upon delivery of the Exercise Notice and Aggregate Exercise Price referred to in clause (i) or (ii) above the Holder of this Warrant shall be deemed for all corporate purposes to have become the Holder of record of the Warrant Shares with respect to which this Warrant has been exercised. In the case of a dispute as to the determination of the Warrant Exercise Price, the Closing Bid Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via facsimile within one (1) Business Day of receipt of the Holder’s Exercise Notice.

(c) If the Holder and the Company are unable to agree upon the determination of the Warrant Exercise Price or arithmetic calculation of the Warrant Shares within one (1) day of such disputed determination or arithmetic calculation being submitted to the holder, then the Company shall immediately submit via facsimile (i) the disputed determination of the Warrant Exercise Price or the Closing Bid Price to an independent, reputable investment banking firm or (ii) the disputed arithmetic calculation of the Warrant Shares to its independent, outside accountant. The Company shall cause the investment banking firm or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than forty-eight (48) hours from the time it receives the disputed determinations or calculations. Such investment banking firm’s or accountant’s determination or calculation, as the case may be, shall be deemed conclusive absent manifest error.

(d) Unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than five (5) Business Days after any partial exercise and at its own expense, issue a new Warrant identical in all respects to this Warrant exercised except it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant exercised, less the number of Warrant Shares with respect to which such Warrant is exercised.

(e) No fractional Warrant Shares are to be issued upon any pro rata exercise of this Warrant, but rather the number of Warrant Shares issued upon such exercise of this Warrant shall be rounded up or down to the nearest whole number.

(f) If the Company or its Transfer Agent shall fail for any reason or for no reason to issue to the Holder within ten (10) days of receipt of the Exercise Delivery Documents, a certificate for the number of Warrant Shares to which the Holder is entitled or to credit the holder’s balance account with DTC for such number of Warrant Shares to which the Holder is entitled upon the holder’s exercise of this Warrant, the Company shall, in addition to any other remedies under this Warrant or otherwise available to such holder, pay as additional damages in cash to such Holder on each day the issuance of such certificate for Warrant Shares is not timely effected an amount equal to 0.025% of the product of (a) the sum of the number of Warrant Shares not issued to the Holder on a timely basis and to which the Holder is entitled, and (b) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Common Stock to the Holder without violating this Section 2.

(g) If within ten (10) days after the Company's receipt of the Exercise Delivery Documents, the Company fails to deliver a new Warrant to the Holder for the number of Warrant Shares to which such Holder is entitled pursuant to Section 2 hereof, then, in addition to any other available remedies under this Warrant, or otherwise available to such holder, the Company shall pay as additional damages in cash to such Holder on each day after such tenth (10th) day that such delivery of such new Warrant is not timely effected in an amount equal to 0.25% of the product of (A) the number of Warrant Shares represented by the portion of this Warrant which is not being exercised and (B) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Warrant to the Holder without violating this Section 2.

3. **Covenants as to Common Stock** . The Company hereby covenants and agrees as follows:

(a) This Warrant is, and any Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(b) All Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

(c) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least one hundred percent (100%) of the number of shares of Common Stock needed to provide for the exercise of the rights then represented by this Warrant and the par value of said shares will at all times be less than or equal to the applicable Warrant Exercise Price. If at any time the Company does not have a sufficient number of shares of Common Stock authorized and available then, the Company shall call and hold a special meeting of the stockholders, within thirty (30) days of that time to increase the number of authorized shares of Common Stock.

(d) If at any time after the date hereof the Company shall file a registration statement, the Company shall include the Warrant Shares issuable to the Holder, pursuant to the terms of this Warrant and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Warrant Shares from time to time issuable upon the exercise of this Warrant; and the Company shall so list on each national securities exchange or automated quotation system, as the case may be, and shall maintain such listing of, any other shares of capital stock of the Company issuable upon the exercise of this Warrant if and so long as any shares of the same class shall be listed on such national securities exchange or automated quotation system. Notwithstanding the foregoing, if Holder can rely on Rule 144 to sell the Warrant Shares Holder is issued as a result of any Cashless Exercise hereunder without complying with the manner of sale provisions of Rule 144, the Company shall have no obligation to register such Warrant Shares.

(e) The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder of this Warrant in order to protect the exercise privilege of the Holder of this Warrant against dilution or other impairment, consistent with the tenor and purpose of this Warrant. The Company will not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Warrant Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

Form of Initial Warrant

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(f) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets.

4. **Taxes.** The Company shall pay any and all taxes, except any applicable withholding, which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

5. **Warrant Holder Not Deemed a Stockholder.** Except as otherwise specifically provided herein, no holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the Holder of shares of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of this Warrant of the Warrant Shares which he or she is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on such Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 5, the Company will provide the Holder of this Warrant with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

6. **Representations of Holder.** The Holder of this Warrant, by the acceptance hereof, represents that it is acquiring this Warrant and the Warrant Shares for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, the Holder does not agree to hold this Warrant or any of the Warrant Shares for any minimum or other specific term and reserves the right to dispose of this Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. The Holder of this Warrant further represents, by acceptance hereof, that, as of this date, such Holder is an "accredited investor" as such term is defined in Rule 501(a)(1) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an "*Accredited Investor*"). Upon exercise of this Warrant the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Warrant Shares so purchased are being acquired solely for the holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale and that such Holder is an Accredited Investor. If such Holder cannot make such representations because they would be factually incorrect, it shall be a condition to such holder's exercise of this Warrant that the Company receive such other representations as the Company considers reasonably necessary to assure the Company that the issuance of its securities upon exercise of this Warrant shall not violate any United States or state securities laws.

7. **Ownership and Transfer**. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the person in whose name any Warrant is registered on the register as the owner and Holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

8. **Adjustment of Warrant Exercise Price and Number of Shares**. The Warrant Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted from time to time as follows:

(a) **Adjustment of Warrant Exercise Price and Number of Shares upon Issuance of Common Stock**. If and whenever on or after the Issuance Date of this Warrant, the Company issues or sells, or is deemed to have issued or sold, any shares of Common Stock (other than Excluded Securities) for a consideration per share less than a price (the “*Applicable Price*”) equal to the Warrant Exercise Price in effect immediately prior to such issuance or sale (the foregoing a “*Dilutive Issuance*”), then immediately after such Dilutive Issuance the Warrant Exercise Price then in effect shall be reduced to an amount equal to the product of (X) the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and (Y) the quotient determined by dividing (1) the sum of (i) the product derived by multiplying the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and the number of shares of Common Stock deemed outstanding immediately prior to such Dilutive Issuance plus (ii) the consideration, if any, received by the Company upon such Dilutive Issuance, by (2) the product derived by multiplying (i) the Warrant Exercise Price in effect immediately prior to such Dilutive issuance by (ii) the number of shares of Common Stock deemed outstanding immediately after such Dilutive Issuance.

(b) **Effect on Warrant Exercise Price of Certain Events**. For purposes of determining the adjusted Warrant Exercise Price under Section 8(a) above, the following shall be applicable:

(i) **Issuance of Options**. If after the date hereof, the Company in any manner grants any Options 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 of any convertible securities issuable upon exercise of any such Option is less than the Applicable Price, then such share of Common Stock 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 8(b)(i), the lowest price per share for which one share of Common Stock is issuable upon exercise of such Options or upon conversion or exchange of such Convertible Securities 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 granting or sale of the Option, upon exercise of the Option or upon conversion or exchange of any convertible security issuable upon exercise of such Option. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock or of such convertible securities upon the exercise of such Options or upon the actual issuance of such Common Stock upon conversion or exchange of such convertible securities.

(ii) **Issuance of Convertible Securities**. If the Company in any manner issues or sells any convertible securities which are not Excluded Securities and the lowest price per share for which one share of Common Stock is issuable upon the conversion or exchange thereof is less than the Applicable Price, then such share of Common Stock 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 8(b)(ii), the lowest price per share for which one share of Common Stock is issuable upon such conversion or exchange shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the issuance or sale of the convertible security and upon conversion or exchange of such convertible security. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange 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 Warrant Exercise Price had been or are to be made pursuant to other provisions of this Section 8(b), no further adjustment of the Warrant 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 or exchange of any convertible securities, or the rate at which any convertible securities are convertible into or exchangeable for Common Stock changes at any time, the Warrant Exercise Price in effect at the time of such change shall be adjusted to the Warrant 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 and the number of Warrant Shares issuable upon exercise of this Warrant shall be correspondingly readjusted. For purposes of this Section 8(b)(iii), if the terms of any Option or convertible security that was outstanding as of the Issuance Date of this Warrant 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 pursuant to this Section 8(b) shall be made if such adjustment would result in an increase of the Warrant Exercise Price then in effect.

(iv) **Calculation of Consideration Received**. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefore will be deemed to be the net amount received by the Company therefore. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Company will be the market price of such securities on the date of receipt of such securities. If any Common Stock, Options or convertible securities which are not Excluded 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 therefore will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Options or convertible securities, as the case may be. The fair value of any consideration other than cash or securities will be determined jointly by the Company and the holders of the Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the “*Valuation Event*”), the fair value of such consideration will be determined within five (5) Business Days after the tenth (10th) day following the Valuation Event by an independent, reputable appraiser jointly selected by the Company and the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. The determination of such appraiser shall be final and binding upon all parties and the fees and expenses of such appraiser shall be borne jointly by the Company and the holders of Warrants.

(v) **Integrated Transactions**. In case 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 \$.01.

(vi) **Treasury Shares**. The number of shares of Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Company, and the disposition of any shares so owned or held will be considered an issue or sale of Common Stock.

(vii) **Record Date**. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (1) to receive a dividend or other distribution payable in Common Stock, Options or in convertible securities or (2) 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 shares of 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.

(c) **Adjustment of Warrant Exercise Price upon Subdivision or Combination of Common Stock**. If the Company at any time after the date of issuance of this Warrant subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, any Warrant Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately increased. If the Company at any time after the date of issuance of this Warrant combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, any Warrant Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant will be proportionately decreased. Any adjustment under this Section 8(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) **Distribution of Assets**. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a "*Distribution*"), at any time after the issuance of this Warrant, then, in each such case:

(i) any Warrant Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Warrant Exercise Price by a fraction of which (A) the numerator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one share of Common Stock, and (B) the denominator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date; and

(ii) either (A) the number of Warrant Shares obtainable upon exercise of this Warrant shall be increased to a number of shares equal to the number of shares of Common Stock obtainable immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i), or (B) in the event that the Distribution is of common stock of a company whose common stock is traded on a national securities exchange or a national automated quotation system, then the Holder of this Warrant shall receive an additional warrant to purchase Common Stock, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the amount of the assets that would have been payable to the Holder of this Warrant pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an exercise price equal to the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i).

(e) **Certain Events**. If any event occurs of the type contemplated by the provisions of this Section 8 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 will make an appropriate adjustment in the Warrant Exercise Price and the number of shares of Common Stock obtainable upon exercise of this Warrant so as to protect the rights of the holders of the Warrants; provided, except as set forth in section 8(c), that no such adjustment pursuant to this Section 8(e) will increase the Warrant Exercise Price or decrease the number of shares of Common Stock obtainable as otherwise determined pursuant to this Section 8.

(f) **Voluntary Adjustments 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.

(g) **Adjustment Upon Fundamental Transaction**. If, at any time while this Warrant is outstanding, (A) the Company effects any statutory reorganization, merger or consolidation of the Company with or into another Person where the Company either is or is not the surviving entity, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) 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 (D) 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 exercises of this Warrant, the Holder shall have the right, at its election, to receive, for each Warrant Share that would have been issuable upon such exercise absent 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 exercise, the determination of the Warrant 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 Warrant 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 conversion 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 assume the obligations under this Warrant.

(h) **Adjustment Upon Fundamental Transaction**. In the event that the Holder requires the Company to redeem the Notes pursuant to a Fundamental Change (as set forth in Section 5(g) of the Notes) than the Warrant Exercise Price shall be adjusted (if applicable) in accordance with the terms of Section 5(g) of the Notes.

9. **Purchase Rights; Reorganization, Reclassification, Consolidation, Merger or Sale**.

(a) In addition to any adjustments pursuant to Section 8 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the “*Purchase Rights*”), then the Holder of this Warrant will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company’s assets to another Person or other transaction in each case which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as an “*Organic Change*.” Prior to the consummation of any (i) sale of all or substantially all of the Company’s assets to an acquiring Person or (ii) other Organic Change following which the Company is not a surviving entity, the Company will secure from the Person purchasing such assets or the successor resulting from such Organic Change (in each case, the “*Acquiring Entity*”) a written agreement (in form and substance satisfactory to the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to deliver to each Holder of Warrants in exchange for such Warrants, a security of the Acquiring Entity evidenced by a written instrument substantially similar in form and substance to this Warrant and satisfactory to the holders of the Warrants (including an adjusted warrant exercise price equal to the value for the Common Stock reflected by the terms of such consolidation, merger or sale, and exercisable for a corresponding number of shares of Common Stock acquirable and receivable upon exercise of the Warrants without regard to any limitations on exercise, if the value so reflected is less than any Applicable Warrant Exercise Price immediately prior to such consolidation, merger or sale). Prior to the consummation of any other Organic Change, the Company shall make appropriate provision (in form and substance satisfactory to the holders of Warrants representing a majority of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to insure that each of the holders of the Warrants will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be) the Warrant Shares immediately theretofore issuable and receivable upon the exercise of such holder’s Warrants (without regard to any limitations on exercise), such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of Warrant Shares which would have been issuable and receivable upon the exercise of such holder’s Warrant as of the date of such Organic Change (without taking into account any limitations or restrictions on the exercisability of this Warrant).

10. **Lost, Stolen, Mutilated or Destroyed Warrant**. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall promptly, on receipt of an indemnification undertaking (or, in the case of a mutilated Warrant, the Warrant), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

11. **Notice.** Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of receipt is received by the sending party transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to Holder: Stockbridge Enterprises, L.P.
7377 East Doubletree Ranch Road, Suite 200
Scottsdale, AZ 85258
Attention: Mitch Saltz
Telephone: (602) 885-7854
Facsimile: (602) 907-1613

With Copy to: Jeffrey R. Perry Law Firm, P.C.
7119 E. Shea Blvd., Suite 109-111
Scottsdale, AZ 85254-6107
Attention: Jeffrey Perry, Esq.
Telephone: (480) 368-5441
Facsimile: (866) 288-4877

If to the Company, to: Earth911, Inc.
1375 N. Scottsdale Rd., Suite 140
Scottsdale, AZ 85257
Attention: Chief Executive Officer
Telephone: (480) 337-3025
Facsimile: (480) 348-0422

With a copy to: Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Attention: Robert Kant
Telephone: (602) 445-8301
Facsimile: (602) 445-8100

If to a Holder of this Warrant, to it at the address and facsimile number set forth in this Section 11, or at such other address and facsimile as shall be delivered to the Company upon the issuance or transfer of this Warrant. Each party shall provide five (5) days' prior written notice to the other party of any change in address or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, facsimile, waiver or other communication, or (B) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

12. **Date.** The date of this Warrant is set forth on page 1 hereof. This Warrant, in all events, shall be wholly void and of no effect after the close of business on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 8(b) shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

Form of Initial Warrant

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13. **Amendment and Waiver**. Except as otherwise provided herein, the provisions of the Warrants may be amended by the Company and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding; provided, that except for Section 8(d), no such action may increase the Warrant Exercise Price or decrease the number of shares or class of stock obtainable upon exercise of any Warrant without the written consent of the Holder of such Warrant.

14. **Descriptive Headings; Governing Law**. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The corporate laws of the state of Arizona shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the state of Arizona, without giving effect to any choice of law or conflict of law provision or rule (whether of the state of Arizona or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the state of Arizona. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Maricopa County, Arizona and the United States District Court for the District of Arizona, for the adjudication of any dispute hereunder or in connection herewith or therewith, or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such 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.

15. **Waiver of Jury Trial**. **AS A MATERIAL INDUCEMENT FOR EACH PARTY HERETO TO ENTER INTO THIS WARRANT, THE PARTIES HERETO HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING RELATED IN ANY WAY TO THIS WARRANT AND/OR ANY AND ALL OF THE OTHER DOCUMENTS ASSOCIATED WITH THIS TRANSACTION.**

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF , the Company has caused this Warrant to be signed as of the date first set forth above.

EARTH911, INC.

By: /s/ Barry Monheit

Name: Barry Monheit

Title: CEO

EXHIBIT A TO WARRANT

EXERCISE NOTICE

**TO BE EXECUTED
BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT**

EARTH911, INC.

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock ("Warrant Shares") of Earth911 Inc., a Delaware corporation (the "Company"), evidenced by the attached Warrant (the "Warrant"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

Specify Method of exercise by check mark:

1. Cash Exercise
 - (a) Payment of Warrant Exercise Price . The holder shall pay the Aggregate Exercise Price of \$ _____ to the Company in accordance with the terms of the Warrant.
 - (b) Delivery of Warrant Shares . The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.
2. Cashless Exercise
 - (a) Payment of Warrant Exercise Price . In lieu of making payment of the Aggregate Exercise Price, the holder elects to receive upon such exercise the Net Number of shares of Common Stock determined in accordance with the terms of the Warrant.
 - (b) Delivery of Warrant Shares . The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____ ,

Name of Registered Holder

By: _____
Name: _____
Title: _____

EXHIBIT B TO WARRANT

FORM OF WARRANT POWER

FOR VALUE RECEIVED, the undersigned does hereby assign and transfer to _____, Federal Identification No. _____, a warrant to purchase _____ shares of the capital stock of Earth011, Inc., a Delaware corporation, represented by warrant certificate no. _____, standing in the name of the undersigned on the books of said corporation. The undersigned does hereby irrevocably constitute and appoint _____, attorney to transfer the warrants of said corporation, with full power of substitution in the premises.

Dated: _____

By: _____

Name: _____

Title: _____

WARRANT

THE SECURITIES REPRESENTED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

EARTH911, INC.

Warrant To Purchase Common Stock

Warrant No.: EARTH911, INC.-1-2

Number of Shares:	250,000
Warrant Exercise Price:	\$.50
Expiration Date:	March 22, 2017

Date of Issuance: March 22, 2012

EARTH911, INC., a Delaware corporation (the "*Company*"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **STOCKBRIDGE ENTERPRISES, L.P.**, a Nevada limited partnership, the registered holder (the "*Holder*") hereof or its permitted assigns, is entitled, subject to the terms set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof, but not after 11:59 P.M. Eastern Time on the Expiration Date (as defined herein) 250,000 fully paid and nonassessable shares of Common Stock (as defined herein) of the Company (the "*Warrant Shares*") at the exercise price per share provided in Section 1(b) below or as subsequently adjusted. This Warrant is issued pursuant to the Securities Purchase Agreement, dated March 22, 2012, by and between the Company and the Holder (the "*Agreement*").

1. Definitions.

(a) This Warrant is issued pursuant to the Securities Purchase Agreement ("*Securities Purchase Agreement*"), dated March 22, 2012, between the Company and the Holder or issued in exchange or substitution thereafter or replacement thereof. Each Capitalized term used, and not otherwise defined herein, shall have the meaning ascribed thereto in the Securities Purchase Agreement.

(b) The following words and terms as used in this Warrant shall have the following meanings:

“**Approved Stock Plan**” means a stock option plan that has been approved by the Board of Directors of the Company.

“**Business Day**” means any day other than Saturday, Sunday or other day on which commercial banks in the City of Phoenix, Arizona are authorized or required by law to remain closed.

“**Closing Bid Price**” means the closing bid price of Common Stock as quoted on the Principal Market (as reported by Bloomberg Financial Markets (“**Bloomberg**”) through its “Volume at Price” function).

“**Common Stock**” means (i) the Company’s common stock, par value \$0.0001 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

“**Notes**” means the Senior Secured Convertible Notes issued pursuant to the Securities Purchase Agreement.

“**Excluded Securities**” means, (a) shares issued or deemed to have been issued by the Company pursuant to an Approved Stock Plan, (b) shares of Common Stock issued or deemed to be issued by the Company upon the conversion, exchange or exercise of any right, option, obligation or security outstanding on the date prior to the date of the Securities Purchase Agreement, provided that the terms of such right, option, obligation or security are not amended or otherwise modified on or after the date of the Securities Purchase Agreement, and provided that the conversion price, exchange price, exercise price or other purchase price is not reduced, adjusted or otherwise modified and the number of shares of Common Stock issued or issuable is not increased (whether by operation of, or in accordance with, the relevant governing documents or otherwise) on or after the date of the Securities Purchase Agreement, and (c) the shares of Common Stock issued or deemed to be issued by the Company upon conversion of the Convertible Notes or exercise of the Warrants.

“**Expiration Date**” means March 22, 2017.

“**Issuance Date**” means the date hereof.

“**Options**” means any rights, warrants or options to subscribe for or purchase Common Stock and which are not Excluded Securities.

“**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

“**Primary Market**” means on any of (a) the American Stock Exchange, (b) New York Stock Exchange, (c) the Nasdaq Global Select Market, (d) the Nasdaq Global Market, (e) the Nasdaq Capital Market, or (e) the Over-the-Counter Bulletin Board (“**OTCBB**”)

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Warrant**” means this Warrant and all Warrants issued in exchange, transfer or replacement thereof.

“**Warrant Exercise Price**” shall be, as of any exercise date before the occurrence of any Triggering Event, \$.50 (the “*Fixed Exercise Price*”), and, as of any exercise date following the occurrence of any Triggering Event, the lower of (a) the Fixed Exercise Price or (b) the average Closing Bid Price during the ten (10) Trading Days immediately preceding the exercise date, or as subsequently adjusted as provided in Section 8 hereof.

Other Definitional Provisions.

Except as otherwise specified herein, all references herein (i) to the Company shall be deemed to include the Company's successors and (ii) to any applicable law defined or referred to herein shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

When used in this Warrant, the words "herein," "hereof," and "hereunder" and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words "Section," "Schedule," and "Exhibit" shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

2. Exercise of Warrant.

(a) Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder hereof then registered on the books of the Company, in whole or in part, at any time on any Business Day on or after the opening of business on such Business Day, commencing with the first day after the date hereof, and prior to 11:59 P.M. Eastern Time on the Expiration Date (i) by delivery of a written notice, in the form of the subscription notice attached as Exhibit A hereto (the "*Exercise Notice*"), of such Holder's election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased, payment to the Company of an amount equal to the Warrant Exercise Price(s) applicable to the Warrant Shares being purchased, multiplied by the number of Warrant Shares (at the applicable Warrant Exercise Price) as to which this Warrant is being exercised (plus any applicable issue or transfer taxes) (the "*Aggregate Exercise Price*") in cash or wire transfer of immediately available funds and the surrender of this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) to a common carrier for overnight delivery to the Company as soon as practicable following such date ("*Cash Basis*") or (ii) if at the time of exercise, the Warrant Shares are not subject to an effective registration statement by delivering an Exercise Notice and in lieu of making payment of the Aggregate Exercise Price in cash or wire transfer, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (the "*Cashless Exercise*"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A = the total number of Warrant Shares with respect to which this Warrant is then being exercised.

B = the Closing Bid Price of the Common Stock on the date of exercise of the Warrant.

C = the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(b) In the event of any exercise of the rights represented by this Warrant in compliance with this Section 2, the Company shall on or before the fifth (5th) Business Day following the date of receipt of the Exercise Notice, the Aggregate Exercise Price and this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) and the receipt of the representations of the Holder specified in Section 6 hereof, if requested by the Company (the “*Exercise Delivery Documents*”), and if the Common Stock is The Depository Trust Company (“*DTC*”) eligible, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder’s or its designee’s balance account with DTC; provided, however, if the Holder who submitted the Exercise Notice requested physical delivery of any or all of the Warrant Shares, or, if the Common Stock is not DTC eligible then the Company shall, on or before the fifth (5th) Business Day following receipt of the Exercise Delivery Documents, issue and surrender to a common carrier for overnight delivery to the address specified in the Exercise Notice, a certificate, registered in the name of the Holder, for the number of shares of Common Stock to which the Holder shall be entitled pursuant to such request. Upon delivery of the Exercise Notice and Aggregate Exercise Price referred to in clause (i) or (ii) above the Holder of this Warrant shall be deemed for all corporate purposes to have become the Holder of record of the Warrant Shares with respect to which this Warrant has been exercised. In the case of a dispute as to the determination of the Warrant Exercise Price, the Closing Bid Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via facsimile within one (1) Business Day of receipt of the Holder’s Exercise Notice.

(c) If the Holder and the Company are unable to agree upon the determination of the Warrant Exercise Price or arithmetic calculation of the Warrant Shares within one (1) day of such disputed determination or arithmetic calculation being submitted to the holder, then the Company shall immediately submit via facsimile (i) the disputed determination of the Warrant Exercise Price or the Closing Bid Price to an independent, reputable investment banking firm or (ii) the disputed arithmetic calculation of the Warrant Shares to its independent, outside accountant. The Company shall cause the investment banking firm or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than forty-eight (48) hours from the time it receives the disputed determinations or calculations. Such investment banking firm’s or accountant’s determination or calculation, as the case may be, shall be deemed conclusive absent manifest error.

(d) Unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than five (5) Business Days after any partial exercise and at its own expense, issue a new Warrant identical in all respects to this Warrant exercised except it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant exercised, less the number of Warrant Shares with respect to which such Warrant is exercised.

(e) No fractional Warrant Shares are to be issued upon any pro rata exercise of this Warrant, but rather the number of Warrant Shares issued upon such exercise of this Warrant shall be rounded up or down to the nearest whole number.

(f) If the Company or its Transfer Agent shall fail for any reason or for no reason to issue to the Holder within ten (10) days of receipt of the Exercise Delivery Documents, a certificate for the number of Warrant Shares to which the Holder is entitled or to credit the holder’s balance account with DTC for such number of Warrant Shares to which the Holder is entitled upon the holder’s exercise of this Warrant, the Company shall, in addition to any other remedies under this Warrant or otherwise available to such holder, pay as additional damages in cash to such Holder on each day the issuance of such certificate for Warrant Shares is not timely effected an amount equal to 0.025% of the product of (a) the sum of the number of Warrant Shares not issued to the Holder on a timely basis and to which the Holder is entitled, and (b) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Common Stock to the Holder without violating this Section 2.

(g) If within ten (10) days after the Company's receipt of the Exercise Delivery Documents, the Company fails to deliver a new Warrant to the Holder for the number of Warrant Shares to which such Holder is entitled pursuant to Section 2 hereof, then, in addition to any other available remedies under this Warrant, or otherwise available to such holder, the Company shall pay as additional damages in cash to such Holder on each day after such tenth (10th) day that such delivery of such new Warrant is not timely effected in an amount equal to 0.25% of the product of (A) the number of Warrant Shares represented by the portion of this Warrant which is not being exercised and (B) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Warrant to the Holder without violating this Section 2.

3. **Covenants as to Common Stock** . The Company hereby covenants and agrees as follows:

(a) This Warrant is, and any Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(b) All Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

(c) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least one hundred percent (100%) of the number of shares of Common Stock needed to provide for the exercise of the rights then represented by this Warrant and the par value of said shares will at all times be less than or equal to the applicable Warrant Exercise Price. If at any time the Company does not have a sufficient number of shares of Common Stock authorized and available then, the Company shall call and hold a special meeting of the stockholders, within thirty (30) days of that time to increase the number of authorized shares of Common Stock.

(d) If at any time after the date hereof the Company shall file a registration statement, the Company shall include the Warrant Shares issuable to the Holder, pursuant to the terms of this Warrant and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Warrant Shares from time to time issuable upon the exercise of this Warrant; and the Company shall so list on each national securities exchange or automated quotation system, as the case may be, and shall maintain such listing of, any other shares of capital stock of the Company issuable upon the exercise of this Warrant if and so long as any shares of the same class shall be listed on such national securities exchange or automated quotation system. Notwithstanding the foregoing, if Holder can rely on Rule 144 to sell the Warrant Shares Holder is issued as a result of any Cashless Exercise hereunder without complying with the manner of sale provisions of Rule 144, the Company shall have no obligation to register such Warrant Shares.

(e) The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder of this Warrant in order to protect the exercise privilege of the Holder of this Warrant against dilution or other impairment, consistent with the tenor and purpose of this Warrant. The Company will not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Warrant Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(f) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets.

4. **Taxes.** The Company shall pay any and all taxes, except any applicable withholding, which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

5. **Warrant Holder Not Deemed a Stockholder.** Except as otherwise specifically provided herein, no holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the Holder of shares of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of this Warrant of the Warrant Shares which he or she is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on such Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 5, the Company will provide the Holder of this Warrant with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

6. **Representations of Holder.** The Holder of this Warrant, by the acceptance hereof, represents that it is acquiring this Warrant and the Warrant Shares for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, the Holder does not agree to hold this Warrant or any of the Warrant Shares for any minimum or other specific term and reserves the right to dispose of this Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. The Holder of this Warrant further represents, by acceptance hereof, that, as of this date, such Holder is an "accredited investor" as such term is defined in Rule 501(a)(1) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an "*Accredited Investor*"). Upon exercise of this Warrant the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Warrant Shares so purchased are being acquired solely for the holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale and that such Holder is an Accredited Investor. If such Holder cannot make such representations because they would be factually incorrect, it shall be a condition to such holder's exercise of this Warrant that the Company receive such other representations as the Company considers reasonably necessary to assure the Company that the issuance of its securities upon exercise of this Warrant shall not violate any United States or state securities laws.

7. **Ownership and Transfer**. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the person in whose name any Warrant is registered on the register as the owner and Holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

8. **Adjustment of Warrant Exercise Price and Number of Shares**. The Warrant Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted from time to time as follows:

(a) **Adjustment of Warrant Exercise Price and Number of Shares upon Issuance of Common Stock**. If and whenever on or after the Issuance Date of this Warrant, the Company issues or sells, or is deemed to have issued or sold, any shares of Common Stock (other than Excluded Securities) for a consideration per share less than a price (the “*Applicable Price*”) equal to the Warrant Exercise Price in effect immediately prior to such issuance or sale (the foregoing a “*Dilutive Issuance*”), then immediately after such Dilutive Issuance the Warrant Exercise Price then in effect shall be reduced to an amount equal to the product of (X) the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and (Y) the quotient determined by dividing (1) the sum of (i) the product derived by multiplying the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and the number of shares of Common Stock deemed outstanding immediately prior to such Dilutive Issuance plus (ii) the consideration, if any, received by the Company upon such Dilutive Issuance, by (2) the product derived by multiplying (i) the Warrant Exercise Price in effect immediately prior to such Dilutive issuance by (ii) the number of shares of Common Stock deemed outstanding immediately after such Dilutive Issuance.

(b) **Effect on Warrant Exercise Price of Certain Events**. For purposes of determining the adjusted Warrant Exercise Price under Section 8(a) above, the following shall be applicable:

(i) **Issuance of Options**. If after the date hereof, the Company in any manner grants any Options 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 of any convertible securities issuable upon exercise of any such Option is less than the Applicable Price, then such share of Common Stock 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 8(b)(i), the lowest price per share for which one share of Common Stock is issuable upon exercise of such Options or upon conversion or exchange of such Convertible Securities 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 granting or sale of the Option, upon exercise of the Option or upon conversion or exchange of any convertible security issuable upon exercise of such Option. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock or of such convertible securities upon the exercise of such Options or upon the actual issuance of such Common Stock upon conversion or exchange of such convertible securities.

(ii) **Issuance of Convertible Securities**. If the Company in any manner issues or sells any convertible securities which are not Excluded Securities and the lowest price per share for which one share of Common Stock is issuable upon the conversion or exchange thereof is less than the Applicable Price, then such share of Common Stock 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 8(b)(ii), the lowest price per share for which one share of Common Stock is issuable upon such conversion or exchange shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the issuance or sale of the convertible security and upon conversion or exchange of such convertible security. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange 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 Warrant Exercise Price had been or are to be made pursuant to other provisions of this Section 8(b), no further adjustment of the Warrant 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 or exchange of any convertible securities, or the rate at which any convertible securities are convertible into or exchangeable for Common Stock changes at any time, the Warrant Exercise Price in effect at the time of such change shall be adjusted to the Warrant 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 and the number of Warrant Shares issuable upon exercise of this Warrant shall be correspondingly readjusted. For purposes of this Section 8(b)(iii), if the terms of any Option or convertible security that was outstanding as of the Issuance Date of this Warrant 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 pursuant to this Section 8(b) shall be made if such adjustment would result in an increase of the Warrant Exercise Price then in effect.

(iv) **Calculation of Consideration Received**. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefore will be deemed to be the net amount received by the Company therefore. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Company will be the market price of such securities on the date of receipt of such securities. If any Common Stock, Options or convertible securities which are not Excluded 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 therefore will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Options or convertible securities, as the case may be. The fair value of any consideration other than cash or securities will be determined jointly by the Company and the holders of the Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "*Valuation Event*"), the fair value of such consideration will be determined within five (5) Business Days after the tenth (10th) day following the Valuation Event by an independent, reputable appraiser jointly selected by the Company and the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. The determination of such appraiser shall be final and binding upon all parties and the fees and expenses of such appraiser shall be borne jointly by the Company and the holders of Warrants.

(v) **Integrated Transactions**. In case 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 \$.01.

(vi) **Treasury Shares**. The number of shares of Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Company, and the disposition of any shares so owned or held will be considered an issue or sale of Common Stock.

(vii) **Record Date**. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (1) to receive a dividend or other distribution payable in Common Stock, Options or in convertible securities or (2) 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 shares of 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.

(c) **Adjustment of Warrant Exercise Price upon Subdivision or Combination of Common Stock**. If the Company at any time after the date of issuance of this Warrant subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, any Warrant Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately increased. If the Company at any time after the date of issuance of this Warrant combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, any Warrant Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant will be proportionately decreased. Any adjustment under this Section 8(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) **Distribution of Assets**. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a "*Distribution*"), at any time after the issuance of this Warrant, then, in each such case:

(i) any Warrant Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Warrant Exercise Price by a fraction of which (A) the numerator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one share of Common Stock, and (B) the denominator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date; and

(ii) either (A) the number of Warrant Shares obtainable upon exercise of this Warrant shall be increased to a number of shares equal to the number of shares of Common Stock obtainable immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i), or (B) in the event that the Distribution is of common stock of a company whose common stock is traded on a national securities exchange or a national automated quotation system, then the Holder of this Warrant shall receive an additional warrant to purchase Common Stock, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the amount of the assets that would have been payable to the Holder of this Warrant pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an exercise price equal to the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i).

(e) **Certain Events**. If any event occurs of the type contemplated by the provisions of this Section 8 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 will make an appropriate adjustment in the Warrant Exercise Price and the number of shares of Common Stock obtainable upon exercise of this Warrant so as to protect the rights of the holders of the Warrants; provided, except as set forth in section 8(c), that no such adjustment pursuant to this Section 8(e) will increase the Warrant Exercise Price or decrease the number of shares of Common Stock obtainable as otherwise determined pursuant to this Section 8.

(f) **Voluntary Adjustments 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.

(g) **Adjustment Upon Fundamental Transaction**. If, at any time while this Warrant is outstanding, (A) the Company effects any statutory reorganization, merger or consolidation of the Company with or into another Person where the Company either is or is not the surviving entity, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) 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 (D) 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 exercises of this Warrant, the Holder shall have the right, at its election, to receive, for each Warrant Share that would have been issuable upon such exercise absent 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 exercise, the determination of the Warrant 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 Warrant 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 conversion 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 assume the obligations under this Warrant.

(h) **Adjustment Upon Fundamental Transaction**. In the event that the Holder requires the Company to redeem the Notes pursuant to a Fundamental Change (as set forth in Section 5(g) of the Notes) than the Warrant Exercise Price shall be adjusted (if applicable) in accordance with the terms of Section 5(g) of the Notes.

9. **Purchase Rights; Reorganization, Reclassification, Consolidation, Merger or Sale**.

(a) In addition to any adjustments pursuant to Section 8 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the “*Purchase Rights*”), then the Holder of this Warrant will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company’s assets to another Person or other transaction in each case which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as an “*Organic Change*.” Prior to the consummation of any (i) sale of all or substantially all of the Company’s assets to an acquiring Person or (ii) other Organic Change following which the Company is not a surviving entity, the Company will secure from the Person purchasing such assets or the successor resulting from such Organic Change (in each case, the “*Acquiring Entity*”) a written agreement (in form and substance satisfactory to the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to deliver to each Holder of Warrants in exchange for such Warrants, a security of the Acquiring Entity evidenced by a written instrument substantially similar in form and substance to this Warrant and satisfactory to the holders of the Warrants (including an adjusted warrant exercise price equal to the value for the Common Stock reflected by the terms of such consolidation, merger or sale, and exercisable for a corresponding number of shares of Common Stock acquirable and receivable upon exercise of the Warrants without regard to any limitations on exercise, if the value so reflected is less than any Applicable Warrant Exercise Price immediately prior to such consolidation, merger or sale). Prior to the consummation of any other Organic Change, the Company shall make appropriate provision (in form and substance satisfactory to the holders of Warrants representing a majority of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to insure that each of the holders of the Warrants will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be) the Warrant Shares immediately theretofore issuable and receivable upon the exercise of such holder’s Warrants (without regard to any limitations on exercise), such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of Warrant Shares which would have been issuable and receivable upon the exercise of such holder’s Warrant as of the date of such Organic Change (without taking into account any limitations or restrictions on the exercisability of this Warrant).

10. **Lost, Stolen, Mutilated or Destroyed Warrant**. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall promptly, on receipt of an indemnification undertaking (or, in the case of a mutilated Warrant, the Warrant), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

11. **Notice**. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of receipt is received by the sending party transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to Holder: Stockbridge Enterprises, L.P.
7377 East Doubletree Ranch Road, Suite 200
Scottsdale, AZ 85258
Attention: Mitch Saltz
Telephone: (602) 885-7854
Facsimile: (602) 907-1613

With Copy to: Jeffrey R. Perry Law Firm, P.C.
7119 E. Shea Blvd., Suite 109-111
Scottsdale, AZ 85254-6107
Attention: Jeffrey Perry, Esq.
Telephone: (480) 368-5441
Facsimile: (866) 288-4877

If to the Company, to: Earth911, Inc.
1375 N. Scottsdale Rd., Suite 140
Scottsdale, AZ 85257
Attention: Chief Executive Officer
Telephone: (480) 337-3025
Facsimile: (480) 348-0422

With a copy to: Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Attention: Robert Kant
Telephone: (602) 445-8301
Facsimile: (602) 445-8100

If to a Holder of this Warrant, to it at the address and facsimile number set forth in this Section 11, or at such other address and facsimile as shall be delivered to the Company upon the issuance or transfer of this Warrant. Each party shall provide five (5) days' prior written notice to the other party of any change in address or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, facsimile, waiver or other communication, or (B) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

12. **Date**. The date of this Warrant is set forth on page 1 hereof. This Warrant, in all events, shall be wholly void and of no effect after the close of business on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 8(b) shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

Form of Twelve Month Warrant

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13. **Amendment and Waiver**. Except as otherwise provided herein, the provisions of the Warrants may be amended by the Company and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding; provided, that except for Section 8(d), no such action may increase the Warrant Exercise Price or decrease the number of shares or class of stock obtainable upon exercise of any Warrant without the written consent of the Holder of such Warrant.

14. **Descriptive Headings; Governing Law**. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The corporate laws of the state of Arizona shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the state of Arizona, without giving effect to any choice of law or conflict of law provision or rule (whether of the state of Arizona or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the state of Arizona. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Maricopa County, Arizona and the United States District Court for the District of Arizona, for the adjudication of any dispute hereunder or in connection herewith or therewith, or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such 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.

15. **Waiver of Jury Trial**. **AS A MATERIAL INDUCEMENT FOR EACH PARTY HERETO TO ENTER INTO THIS WARRANT, THE PARTIES HERETO HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING RELATED IN ANY WAY TO THIS WARRANT AND/OR ANY AND ALL OF THE OTHER DOCUMENTS ASSOCIATED WITH THIS TRANSACTION.**

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF , the Company has caused this Warrant to be signed as of the date first set forth above.

EARTH911, INC.

By: /s/ Barry Monheit

Name: Barry Monheit

Title: CEO

EXHIBIT A TO WARRANT

EXERCISE NOTICE

**TO BE EXECUTED
BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT**

EARTH911, INC.

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock (“*Warrant Shares*”) of Earth911 Inc., a Delaware corporation (the “*Company*”), evidenced by the attached Warrant (the “*Warrant*”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

Specify Method of exercise by check mark:

1. Cash Exercise
 - (a) Payment of Warrant Exercise Price . The holder shall pay the Aggregate Exercise Price of \$ _____ to the Company in accordance with the terms of the Warrant.
 - (b) Delivery of Warrant Shares . The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.
2. Cashless Exercise
 - (a) Payment of Warrant Exercise Price . In lieu of making payment of the Aggregate Exercise Price, the holder elects to receive upon such exercise the Net Number of shares of Common Stock determined in accordance with the terms of the Warrant.
 - (b) Delivery of Warrant Shares . The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____ ,

Name of Registered Holder

By: _____
Name: _____
Title: _____

EXHIBIT B TO WARRANT

FORM OF WARRANT POWER

FOR VALUE RECEIVED, the undersigned does hereby assign and transfer to _____, Federal Identification No. _____, a warrant to purchase _____ shares of the capital stock of Earth011, Inc., a Delaware corporation, represented by warrant certificate no. _____, standing in the name of the undersigned on the books of said corporation. The undersigned does hereby irrevocably constitute and appoint _____, attorney to transfer the warrants of said corporation, with full power of substitution in the premises.

Dated: _____

By: _____

Name: _____

Title: _____

WARRANT

THE SECURITIES REPRESENTED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

EARTH911, INC.

Warrant To Purchase Common Stock

Warrant No.: EARTH911, INC.-1-3

Number of Shares:	250,000
Warrant Exercise Price:	\$.50
Expiration Date:	March 22, 2017

Date of Issuance: March 22, 2012

EARTH911, INC., a Delaware corporation (the “*Company*”), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **STOCKBRIDGE ENTERPRISES, L.P.**, a Nevada limited partnership, the registered holder (the “*Holder*”) hereof or its permitted assigns, is entitled, subject to the terms set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof, but not after 11:59 P.M. Eastern Time on the Expiration Date (as defined herein) 250,000 fully paid and nonassessable shares of Common Stock (as defined herein) of the Company (the “*Warrant Shares*”) at the exercise price per share provided in Section 1(b) below or as subsequently adjusted. This Warrant is issued pursuant to the Securities Purchase Agreement, dated March 22, 2012, by and between the Company and the Holder (the “*Agreement*”).

1. Definitions.

(a) This Warrant is issued pursuant to the Securities Purchase Agreement (“*Securities Purchase Agreement*”), dated March 22, 2012, between the Company and the Holder or issued in exchange or substitution thereafter or replacement thereof. Each Capitalized term used, and not otherwise defined herein, shall have the meaning ascribed thereto in the Securities Purchase Agreement.

(b) The following words and terms as used in this Warrant shall have the following meanings:

“**Approved Stock Plan**” means a stock option plan that has been approved by the Board of Directors of the Company.

“**Business Day**” means any day other than Saturday, Sunday or other day on which commercial banks in the City of Phoenix, Arizona are authorized or required by law to remain closed.

“**Closing Bid Price**” means the closing bid price of Common Stock as quoted on the Principal Market (as reported by Bloomberg Financial Markets (“**Bloomberg**”) through its “Volume at Price” function).

“**Common Stock**” means (i) the Company’s common stock, par value \$0.0001 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

“**Notes**” means the Senior Secured Convertible Notes issued pursuant to the Securities Purchase Agreement.

“**Excluded Securities**” means, (a) shares issued or deemed to have been issued by the Company pursuant to an Approved Stock Plan, (b) shares of Common Stock issued or deemed to be issued by the Company upon the conversion, exchange or exercise of any right, option, obligation or security outstanding on the date prior to the date of the Securities Purchase Agreement, provided that the terms of such right, option, obligation or security are not amended or otherwise modified on or after the date of the Securities Purchase Agreement, and provided that the conversion price, exchange price, exercise price or other purchase price is not reduced, adjusted or otherwise modified and the number of shares of Common Stock issued or issuable is not increased (whether by operation of, or in accordance with, the relevant governing documents or otherwise) on or after the date of the Securities Purchase Agreement, and (c) the shares of Common Stock issued or deemed to be issued by the Company upon conversion of the Convertible Notes or exercise of the Warrants.

“**Expiration Date**” means March 22, 2017.

“**Issuance Date**” means the date hereof.

“**Options**” means any rights, warrants or options to subscribe for or purchase Common Stock and which are not Excluded Securities.

“**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

“**Primary Market**” means on any of (a) the American Stock Exchange, (b) New York Stock Exchange, (c) the Nasdaq Global Select Market, (d) the Nasdaq Global Market, (e) the Nasdaq Capital Market, or (e) the Over-the-Counter Bulletin Board (“**OTCBB**”)

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Warrant**” means this Warrant and all Warrants issued in exchange, transfer or replacement thereof.

“**Warrant Exercise Price**” shall be, as of any exercise date before the occurrence of any Triggering Event, \$.50 (the “*Fixed Exercise Price*”), and, as of any exercise date following the occurrence of any Triggering Event, the lower of (a) the Fixed Exercise Price or (b) the average Closing Bid Price during the ten (10) Trading Days immediately preceding the exercise date, or as subsequently adjusted as provided in Section 8 hereof.

Other Definitional Provisions.

Except as otherwise specified herein, all references herein (i) to the Company shall be deemed to include the Company's successors and (ii) to any applicable law defined or referred to herein shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

When used in this Warrant, the words "herein," "hereof," and "hereunder" and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words "Section," "Schedule," and "Exhibit" shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

2. Exercise of Warrant.

(a) Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder hereof then registered on the books of the Company, in whole or in part, at any time on any Business Day on or after the opening of business on such Business Day, commencing with the first day after the date hereof, and prior to 11:59 P.M. Eastern Time on the Expiration Date (i) by delivery of a written notice, in the form of the subscription notice attached as Exhibit A hereto (the "*Exercise Notice*"), of such Holder's election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased, payment to the Company of an amount equal to the Warrant Exercise Price(s) applicable to the Warrant Shares being purchased, multiplied by the number of Warrant Shares (at the applicable Warrant Exercise Price) as to which this Warrant is being exercised (plus any applicable issue or transfer taxes) (the "*Aggregate Exercise Price*") in cash or wire transfer of immediately available funds and the surrender of this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) to a common carrier for overnight delivery to the Company as soon as practicable following such date ("*Cash Basis*") or (ii) if at the time of exercise, the Warrant Shares are not subject to an effective registration statement by delivering an Exercise Notice and in lieu of making payment of the Aggregate Exercise Price in cash or wire transfer, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (the "*Cashless Exercise*"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A = the total number of Warrant Shares with respect to which this Warrant is then being exercised.

B = the Closing Bid Price of the Common Stock on the date of exercise of the Warrant.

C = the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(b) In the event of any exercise of the rights represented by this Warrant in compliance with this Section 2, the Company shall on or before the fifth (5th) Business Day following the date of receipt of the Exercise Notice, the Aggregate Exercise Price and this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) and the receipt of the representations of the Holder specified in Section 6 hereof, if requested by the Company (the “*Exercise Delivery Documents*”), and if the Common Stock is The Depository Trust Company (“*DTC*”) eligible, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder’s or its designee’s balance account with DTC; provided, however, if the Holder who submitted the Exercise Notice requested physical delivery of any or all of the Warrant Shares, or, if the Common Stock is not DTC eligible then the Company shall, on or before the fifth (5th) Business Day following receipt of the Exercise Delivery Documents, issue and surrender to a common carrier for overnight delivery to the address specified in the Exercise Notice, a certificate, registered in the name of the Holder, for the number of shares of Common Stock to which the Holder shall be entitled pursuant to such request. Upon delivery of the Exercise Notice and Aggregate Exercise Price referred to in clause (i) or (ii) above the Holder of this Warrant shall be deemed for all corporate purposes to have become the Holder of record of the Warrant Shares with respect to which this Warrant has been exercised. In the case of a dispute as to the determination of the Warrant Exercise Price, the Closing Bid Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via facsimile within one (1) Business Day of receipt of the Holder’s Exercise Notice.

(c) If the Holder and the Company are unable to agree upon the determination of the Warrant Exercise Price or arithmetic calculation of the Warrant Shares within one (1) day of such disputed determination or arithmetic calculation being submitted to the holder, then the Company shall immediately submit via facsimile (i) the disputed determination of the Warrant Exercise Price or the Closing Bid Price to an independent, reputable investment banking firm or (ii) the disputed arithmetic calculation of the Warrant Shares to its independent, outside accountant. The Company shall cause the investment banking firm or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than forty-eight (48) hours from the time it receives the disputed determinations or calculations. Such investment banking firm’s or accountant’s determination or calculation, as the case may be, shall be deemed conclusive absent manifest error.

(d) Unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than five (5) Business Days after any partial exercise and at its own expense, issue a new Warrant identical in all respects to this Warrant exercised except it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant exercised, less the number of Warrant Shares with respect to which such Warrant is exercised.

(e) No fractional Warrant Shares are to be issued upon any pro rata exercise of this Warrant, but rather the number of Warrant Shares issued upon such exercise of this Warrant shall be rounded up or down to the nearest whole number.

(f) If the Company or its Transfer Agent shall fail for any reason or for no reason to issue to the Holder within ten (10) days of receipt of the Exercise Delivery Documents, a certificate for the number of Warrant Shares to which the Holder is entitled or to credit the holder’s balance account with DTC for such number of Warrant Shares to which the Holder is entitled upon the holder’s exercise of this Warrant, the Company shall, in addition to any other remedies under this Warrant or otherwise available to such holder, pay as additional damages in cash to such Holder on each day the issuance of such certificate for Warrant Shares is not timely effected an amount equal to 0.025% of the product of (a) the sum of the number of Warrant Shares not issued to the Holder on a timely basis and to which the Holder is entitled, and (b) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Common Stock to the Holder without violating this Section 2.

(g) If within ten (10) days after the Company's receipt of the Exercise Delivery Documents, the Company fails to deliver a new Warrant to the Holder for the number of Warrant Shares to which such Holder is entitled pursuant to Section 2 hereof, then, in addition to any other available remedies under this Warrant, or otherwise available to such holder, the Company shall pay as additional damages in cash to such Holder on each day after such tenth (10th) day that such delivery of such new Warrant is not timely effected in an amount equal to 0.25% of the product of (A) the number of Warrant Shares represented by the portion of this Warrant which is not being exercised and (B) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Warrant to the Holder without violating this Section 2.

3. **Covenants as to Common Stock** . The Company hereby covenants and agrees as follows:

(a) This Warrant is, and any Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(b) All Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

(c) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least one hundred percent (100%) of the number of shares of Common Stock needed to provide for the exercise of the rights then represented by this Warrant and the par value of said shares will at all times be less than or equal to the applicable Warrant Exercise Price. If at any time the Company does not have a sufficient number of shares of Common Stock authorized and available then, the Company shall call and hold a special meeting of the stockholders, within thirty (30) days of that time to increase the number of authorized shares of Common Stock.

(d) If at any time after the date hereof the Company shall file a registration statement, the Company shall include the Warrant Shares issuable to the Holder, pursuant to the terms of this Warrant and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Warrant Shares from time to time issuable upon the exercise of this Warrant; and the Company shall so list on each national securities exchange or automated quotation system, as the case may be, and shall maintain such listing of, any other shares of capital stock of the Company issuable upon the exercise of this Warrant if and so long as any shares of the same class shall be listed on such national securities exchange or automated quotation system. Notwithstanding the foregoing, if Holder can rely on Rule 144 to sell the Warrant Shares Holder is issued as a result of any Cashless Exercise hereunder without complying with the manner of sale provisions of Rule 144, the Company shall have no obligation to register such Warrant Shares.

(e) The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder of this Warrant in order to protect the exercise privilege of the Holder of this Warrant against dilution or other impairment, consistent with the tenor and purpose of this Warrant. The Company will not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Warrant Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(f) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets.

4. **Taxes.** The Company shall pay any and all taxes, except any applicable withholding, which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

5. **Warrant Holder Not Deemed a Stockholder.** Except as otherwise specifically provided herein, no holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the Holder of shares of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of this Warrant of the Warrant Shares which he or she is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on such Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 5, the Company will provide the Holder of this Warrant with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

6. **Representations of Holder.** The Holder of this Warrant, by the acceptance hereof, represents that it is acquiring this Warrant and the Warrant Shares for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, the Holder does not agree to hold this Warrant or any of the Warrant Shares for any minimum or other specific term and reserves the right to dispose of this Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. The Holder of this Warrant further represents, by acceptance hereof, that, as of this date, such Holder is an "accredited investor" as such term is defined in Rule 501(a)(1) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an "*Accredited Investor*"). Upon exercise of this Warrant the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Warrant Shares so purchased are being acquired solely for the holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale and that such Holder is an Accredited Investor. If such Holder cannot make such representations because they would be factually incorrect, it shall be a condition to such holder's exercise of this Warrant that the Company receive such other representations as the Company considers reasonably necessary to assure the Company that the issuance of its securities upon exercise of this Warrant shall not violate any United States or state securities laws.

7. **Ownership and Transfer**. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the person in whose name any Warrant is registered on the register as the owner and Holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

8. **Adjustment of Warrant Exercise Price and Number of Shares**. The Warrant Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted from time to time as follows:

(a) **Adjustment of Warrant Exercise Price and Number of Shares upon Issuance of Common Stock**. If and whenever on or after the Issuance Date of this Warrant, the Company issues or sells, or is deemed to have issued or sold, any shares of Common Stock (other than Excluded Securities) for a consideration per share less than a price (the “*Applicable Price*”) equal to the Warrant Exercise Price in effect immediately prior to such issuance or sale (the foregoing a “*Dilutive Issuance*”), then immediately after such Dilutive Issuance the Warrant Exercise Price then in effect shall be reduced to an amount equal to the product of (X) the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and (Y) the quotient determined by dividing (1) the sum of (i) the product derived by multiplying the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and the number of shares of Common Stock deemed outstanding immediately prior to such Dilutive Issuance plus (ii) the consideration, if any, received by the Company upon such Dilutive Issuance, by (2) the product derived by multiplying (i) the Warrant Exercise Price in effect immediately prior to such Dilutive issuance by (ii) the number of shares of Common Stock deemed outstanding immediately after such Dilutive Issuance.

(b) **Effect on Warrant Exercise Price of Certain Events**. For purposes of determining the adjusted Warrant Exercise Price under Section 8(a) above, the following shall be applicable:

(i) **Issuance of Options**. If after the date hereof, the Company in any manner grants any Options 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 of any convertible securities issuable upon exercise of any such Option is less than the Applicable Price, then such share of Common Stock 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 8(b)(i), the lowest price per share for which one share of Common Stock is issuable upon exercise of such Options or upon conversion or exchange of such Convertible Securities 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 granting or sale of the Option, upon exercise of the Option or upon conversion or exchange of any convertible security issuable upon exercise of such Option. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock or of such convertible securities upon the exercise of such Options or upon the actual issuance of such Common Stock upon conversion or exchange of such convertible securities.

(ii) **Issuance of Convertible Securities**. If the Company in any manner issues or sells any convertible securities which are not Excluded Securities and the lowest price per share for which one share of Common Stock is issuable upon the conversion or exchange thereof is less than the Applicable Price, then such share of Common Stock 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 8(b)(ii), the lowest price per share for which one share of Common Stock is issuable upon such conversion or exchange shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the issuance or sale of the convertible security and upon conversion or exchange of such convertible security. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange 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 Warrant Exercise Price had been or are to be made pursuant to other provisions of this Section 8(b), no further adjustment of the Warrant 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 or exchange of any convertible securities, or the rate at which any convertible securities are convertible into or exchangeable for Common Stock changes at any time, the Warrant Exercise Price in effect at the time of such change shall be adjusted to the Warrant 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 and the number of Warrant Shares issuable upon exercise of this Warrant shall be correspondingly readjusted. For purposes of this Section 8(b)(iii), if the terms of any Option or convertible security that was outstanding as of the Issuance Date of this Warrant 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 pursuant to this Section 8(b) shall be made if such adjustment would result in an increase of the Warrant Exercise Price then in effect.

(iv) **Calculation of Consideration Received**. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefore will be deemed to be the net amount received by the Company therefore. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Company will be the market price of such securities on the date of receipt of such securities. If any Common Stock, Options or convertible securities which are not Excluded 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 therefore will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Options or convertible securities, as the case may be. The fair value of any consideration other than cash or securities will be determined jointly by the Company and the holders of the Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the “*Valuation Event*”), the fair value of such consideration will be determined within five (5) Business Days after the tenth (10th) day following the Valuation Event by an independent, reputable appraiser jointly selected by the Company and the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. The determination of such appraiser shall be final and binding upon all parties and the fees and expenses of such appraiser shall be borne jointly by the Company and the holders of Warrants.

(v) **Integrated Transactions**. In case 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 \$.01.

(vi) **Treasury Shares**. The number of shares of Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Company, and the disposition of any shares so owned or held will be considered an issue or sale of Common Stock.

(vii) **Record Date**. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (1) to receive a dividend or other distribution payable in Common Stock, Options or in convertible securities or (2) 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 shares of 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.

(c) **Adjustment of Warrant Exercise Price upon Subdivision or Combination of Common Stock**. If the Company at any time after the date of issuance of this Warrant subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, any Warrant Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately increased. If the Company at any time after the date of issuance of this Warrant combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, any Warrant Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant will be proportionately decreased. Any adjustment under this Section 8(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) **Distribution of Assets**. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a “*Distribution*”), at any time after the issuance of this Warrant, then, in each such case:

(i) any Warrant Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Warrant Exercise Price by a fraction of which (A) the numerator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company’s Board of Directors) applicable to one share of Common Stock, and (B) the denominator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date; and

(ii) either (A) the number of Warrant Shares obtainable upon exercise of this Warrant shall be increased to a number of shares equal to the number of shares of Common Stock obtainable immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i), or (B) in the event that the Distribution is of common stock of a company whose common stock is traded on a national securities exchange or a national automated quotation system, then the Holder of this Warrant shall receive an additional warrant to purchase Common Stock, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the amount of the assets that would have been payable to the Holder of this Warrant pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an exercise price equal to the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i).

(e) **Certain Events**. If any event occurs of the type contemplated by the provisions of this Section 8 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 will make an appropriate adjustment in the Warrant Exercise Price and the number of shares of Common Stock obtainable upon exercise of this Warrant so as to protect the rights of the holders of the Warrants; provided, except as set forth in section 8(c), that no such adjustment pursuant to this Section 8(e) will increase the Warrant Exercise Price or decrease the number of shares of Common Stock obtainable as otherwise determined pursuant to this Section 8.

(f) **Voluntary Adjustments 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.

(g) **Adjustment Upon Fundamental Transaction**. If, at any time while this Warrant is outstanding, (A) the Company effects any statutory reorganization, merger or consolidation of the Company with or into another Person where the Company either is or is not the surviving entity, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) 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 (D) 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 exercises of this Warrant, the Holder shall have the right, at its election, to receive, for each Warrant Share that would have been issuable upon such exercise absent 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 exercise, the determination of the Warrant 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 Warrant 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 conversion 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 assume the obligations under this Warrant.

(h) **Adjustment Upon Fundamental Transaction**. In the event that the Holder requires the Company to redeem the Notes pursuant to a Fundamental Change (as set forth in Section 5(g) of the Notes) than the Warrant Exercise Price shall be adjusted (if applicable) in accordance with the terms of Section 5(g) of the Notes.

9. **Purchase Rights; Reorganization, Reclassification, Consolidation, Merger or Sale.**

(a) In addition to any adjustments pursuant to Section 8 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the “*Purchase Rights*”), then the Holder of this Warrant will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company’s assets to another Person or other transaction in each case which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as an “*Organic Change.*” Prior to the consummation of any (i) sale of all or substantially all of the Company’s assets to an acquiring Person or (ii) other Organic Change following which the Company is not a surviving entity, the Company will secure from the Person purchasing such assets or the successor resulting from such Organic Change (in each case, the “*Acquiring Entity*”) a written agreement (in form and substance satisfactory to the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to deliver to each Holder of Warrants in exchange for such Warrants, a security of the Acquiring Entity evidenced by a written instrument substantially similar in form and substance to this Warrant and satisfactory to the holders of the Warrants (including an adjusted warrant exercise price equal to the value for the Common Stock reflected by the terms of such consolidation, merger or sale, and exercisable for a corresponding number of shares of Common Stock acquirable and receivable upon exercise of the Warrants without regard to any limitations on exercise, if the value so reflected is less than any Applicable Warrant Exercise Price immediately prior to such consolidation, merger or sale). Prior to the consummation of any other Organic Change, the Company shall make appropriate provision (in form and substance satisfactory to the holders of Warrants representing a majority of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to insure that each of the holders of the Warrants will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be) the Warrant Shares immediately theretofore issuable and receivable upon the exercise of such holder’s Warrants (without regard to any limitations on exercise), such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of Warrant Shares which would have been issuable and receivable upon the exercise of such holder’s Warrant as of the date of such Organic Change (without taking into account any limitations or restrictions on the exercisability of this Warrant).

10. **Lost, Stolen, Mutilated or Destroyed Warrant.** If this Warrant is lost, stolen, mutilated or destroyed, the Company shall promptly, on receipt of an indemnification undertaking (or, in the case of a mutilated Warrant, the Warrant), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

11. **Notice.** Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of receipt is received by the sending party transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to Holder: Stockbridge Enterprises, L.P.
7377 East Doubletree Ranch Road, Suite 200
Scottsdale, AZ 85258
Attention: Mitch Saltz
Telephone: (602) 885-7854
Facsimile: (602) 907-1613

With Copy to: Jeffrey R. Perry Law Firm, P.C.
7119 E. Shea Blvd., Suite 109-111
Scottsdale, AZ 85254-6107
Attention: Jeffrey Perry, Esq.
Telephone: (480) 368-5441
Facsimile: (866) 288-4877

If to the Company, to: Earth911, Inc.
1375 N. Scottsdale Rd., Suite 140
Scottsdale, AZ 85257
Attention: Chief Executive Officer
Telephone: (480) 337-3025
Facsimile: (480) 348-0422

With a copy to: Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Attention: Robert Kant
Telephone: (602) 445-8301
Facsimile: (602) 445-8100

If to a Holder of this Warrant, to it at the address and facsimile number set forth in this Section 11, or at such other address and facsimile as shall be delivered to the Company upon the issuance or transfer of this Warrant. Each party shall provide five (5) days' prior written notice to the other party of any change in address or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, facsimile, waiver or other communication, or (B) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

12. **Date**. The date of this Warrant is set forth on page 1 hereof. This Warrant, in all events, shall be wholly void and of no effect after the close of business on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 8(b) shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

13. **Amendment and Waiver**. Except as otherwise provided herein, the provisions of the Warrants may be amended by the Company and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding; provided, that except for Section 8(d), no such action may increase the Warrant Exercise Price or decrease the number of shares or class of stock obtainable upon exercise of any Warrant without the written consent of the Holder of such Warrant.

14. **Descriptive Headings; Governing Law**. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The corporate laws of the state of Arizona shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the state of Arizona, without giving effect to any choice of law or conflict of law provision or rule (whether of the state of Arizona or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the state of Arizona. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Maricopa County, Arizona and the United States District Court for the District of Arizona, for the adjudication of any dispute hereunder or in connection herewith or therewith, or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such 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.

15. **Waiver of Jury Trial**. **AS A MATERIAL INDUCEMENT FOR EACH PARTY HERETO TO ENTER INTO THIS WARRANT, THE PARTIES HERETO HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING RELATED IN ANY WAY TO THIS WARRANT AND/OR ANY AND ALL OF THE OTHER DOCUMENTS ASSOCIATED WITH THIS TRANSACTION.**

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF , the Company has caused this Warrant to be signed as of the date first set forth above.

EARTH911, INC.

By: /s/ Barry Monheit

Name: Barry Monheit

Title: CEO

Form of Fifteen Month Warrant

Page **14** of **16**

EXHIBIT A TO WARRANT

EXERCISE NOTICE

**TO BE EXECUTED
BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT**

EARTH911, INC.

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock ("Warrant Shares") of Earth911 Inc., a Delaware corporation (the "Company"), evidenced by the attached Warrant (the "Warrant"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

Specify Method of exercise by check mark:

1. Cash Exercise
 - (a) Payment of Warrant Exercise Price . The holder shall pay the Aggregate Exercise Price of \$ _____ to the Company in accordance with the terms of the Warrant.
 - (b) Delivery of Warrant Shares . The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.
2. Cashless Exercise
 - (a) Payment of Warrant Exercise Price . In lieu of making payment of the Aggregate Exercise Price, the holder elects to receive upon such exercise the Net Number of shares of Common Stock determined in accordance with the terms of the Warrant.
 - (b) Delivery of Warrant Shares . The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____ ,

Name of Registered Holder

By: _____

Name: _____

Title: _____

EXHIBIT B TO WARRANT

FORM OF WARRANT POWER

FOR VALUE RECEIVED, the undersigned does hereby assign and transfer to _____, Federal Identification No. _____, a warrant to purchase _____ shares of the capital stock of Earth011, Inc., a Delaware corporation, represented by warrant certificate no. _____, standing in the name of the undersigned on the books of said corporation. The undersigned does hereby irrevocably constitute and appoint _____, attorney to transfer the warrants of said corporation, with full power of substitution in the premises.

Dated: _____

By: _____

Name: _____

Title: _____

WARRANT

THE SECURITIES REPRESENTED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

EARTH911, INC.

Warrant To Purchase Common Stock

Warrant No.: EARTH911, INC.-1-4

Number of Shares:	500,000
Warrant Exercise Price:	\$.50
Expiration Date:	March 22, 2017

Date of Issuance: March 22, 2012

EARTH911, INC., a Delaware corporation (the “*Company*”), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **STOCKBRIDGE ENTERPRISES, L.P.**, a Nevada limited partnership, the registered holder (the “*Holder*”) hereof or its permitted assigns, is entitled, subject to the terms set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof, but not after 11:59 P.M. Eastern Time on the Expiration Date (as defined herein) 500,000 fully paid and nonassessable shares of Common Stock (as defined herein) of the Company (the “*Warrant Shares*”) at the exercise price per share provided in Section 1(b) below or as subsequently adjusted. This Warrant is issued pursuant to the Securities Purchase Agreement, dated March 22, 2012, by and between the Company and the Holder (the “*Agreement*”).

1. Definitions.

(a) This Warrant is issued pursuant to the Securities Purchase Agreement (“*Securities Purchase Agreement*”), dated March 22, 2012, between the Company and the Holder or issued in exchange or substitution thereafter or replacement thereof. Each Capitalized term used, and not otherwise defined herein, shall have the meaning ascribed thereto in the Securities Purchase Agreement.

(b) The following words and terms as used in this Warrant shall have the following meanings:

“**Approved Stock Plan**” means a stock option plan that has been approved by the Board of Directors of the Company.

“**Business Day**” means any day other than Saturday, Sunday or other day on which commercial banks in the City of Phoenix, Arizona are authorized or required by law to remain closed.

“**Closing Bid Price**” means the closing bid price of Common Stock as quoted on the Principal Market (as reported by Bloomberg Financial Markets (“**Bloomberg**”) through its “Volume at Price” function).

“**Common Stock**” means (i) the Company’s common stock, par value \$0.0001 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

“**Notes**” means the Senior Secured Convertible Notes issued pursuant to the Securities Purchase Agreement.

“**Excluded Securities**” means, (a) shares issued or deemed to have been issued by the Company pursuant to an Approved Stock Plan, (b) shares of Common Stock issued or deemed to be issued by the Company upon the conversion, exchange or exercise of any right, option, obligation or security outstanding on the date prior to the date of the Securities Purchase Agreement, provided that the terms of such right, option, obligation or security are not amended or otherwise modified on or after the date of the Securities Purchase Agreement, and provided that the conversion price, exchange price, exercise price or other purchase price is not reduced, adjusted or otherwise modified and the number of shares of Common Stock issued or issuable is not increased (whether by operation of, or in accordance with, the relevant governing documents or otherwise) on or after the date of the Securities Purchase Agreement, and (c) the shares of Common Stock issued or deemed to be issued by the Company upon conversion of the Convertible Notes or exercise of the Warrants.

“**Expiration Date**” means March 22, 2017.

“**Issuance Date**” means the date hereof.

“**Options**” means any rights, warrants or options to subscribe for or purchase Common Stock and which are not Excluded Securities.

“**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

“**Primary Market**” means on any of (a) the American Stock Exchange, (b) New York Stock Exchange, (c) the Nasdaq Global Select Market, (d) the Nasdaq Global Market, (e) the Nasdaq Capital Market, or (e) the Over-the-Counter Bulletin Board (“**OTCBB**”)

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Warrant**” means this Warrant and all Warrants issued in exchange, transfer or replacement thereof.

“**Warrant Exercise Price**” shall be, as of any exercise date before the occurrence of any Triggering Event, \$.50 (the “*Fixed Exercise Price*”), and, as of any exercise date following the occurrence of any Triggering Event, the lower of (a) the Fixed Exercise Price or (b) the average Closing Bid Price during the ten (10) Trading Days immediately preceding the exercise date, or as subsequently adjusted as provided in Section 8 hereof.

Other Definitional Provisions.

Except as otherwise specified herein, all references herein (i) to the Company shall be deemed to include the Company's successors and (ii) to any applicable law defined or referred to herein shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

When used in this Warrant, the words "herein," "hereof," and "hereunder" and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words "Section," "Schedule," and "Exhibit" shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

2. Exercise of Warrant .

(a) Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder hereof then registered on the books of the Company, in whole or in part, at any time on any Business Day on or after the opening of business on such Business Day, commencing with the first day after the date hereof, and prior to 11:59 P.M. Eastern Time on the Expiration Date (i) by delivery of a written notice, in the form of the subscription notice attached as Exhibit A hereto (the "*Exercise Notice*"), of such Holder's election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased, payment to the Company of an amount equal to the Warrant Exercise Price(s) applicable to the Warrant Shares being purchased, multiplied by the number of Warrant Shares (at the applicable Warrant Exercise Price) as to which this Warrant is being exercised (plus any applicable issue or transfer taxes) (the "*Aggregate Exercise Price*") in cash or wire transfer of immediately available funds and the surrender of this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) to a common carrier for overnight delivery to the Company as soon as practicable following such date ("*Cash Basis*") or (ii) if at the time of exercise, the Warrant Shares are not subject to an effective registration statement by delivering an Exercise Notice and in lieu of making payment of the Aggregate Exercise Price in cash or wire transfer, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (the "*Cashless Exercise*"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A = the total number of Warrant Shares with respect to which this Warrant is then being exercised.

B = the Closing Bid Price of the Common Stock on the date of exercise of the Warrant.

C = the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(b) In the event of any exercise of the rights represented by this Warrant in compliance with this Section 2, the Company shall on or before the fifth (5th) Business Day following the date of receipt of the Exercise Notice, the Aggregate Exercise Price and this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) and the receipt of the representations of the Holder specified in Section 6 hereof, if requested by the Company (the “*Exercise Delivery Documents*”), and if the Common Stock is The Depository Trust Company (“*DTC*”) eligible, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder’s or its designee’s balance account with DTC; provided, however, if the Holder who submitted the Exercise Notice requested physical delivery of any or all of the Warrant Shares, or, if the Common Stock is not DTC eligible then the Company shall, on or before the fifth (5th) Business Day following receipt of the Exercise Delivery Documents, issue and surrender to a common carrier for overnight delivery to the address specified in the Exercise Notice, a certificate, registered in the name of the Holder, for the number of shares of Common Stock to which the Holder shall be entitled pursuant to such request. Upon delivery of the Exercise Notice and Aggregate Exercise Price referred to in clause (i) or (ii) above the Holder of this Warrant shall be deemed for all corporate purposes to have become the Holder of record of the Warrant Shares with respect to which this Warrant has been exercised. In the case of a dispute as to the determination of the Warrant Exercise Price, the Closing Bid Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via facsimile within one (1) Business Day of receipt of the Holder’s Exercise Notice.

(c) If the Holder and the Company are unable to agree upon the determination of the Warrant Exercise Price or arithmetic calculation of the Warrant Shares within one (1) day of such disputed determination or arithmetic calculation being submitted to the holder, then the Company shall immediately submit via facsimile (i) the disputed determination of the Warrant Exercise Price or the Closing Bid Price to an independent, reputable investment banking firm or (ii) the disputed arithmetic calculation of the Warrant Shares to its independent, outside accountant. The Company shall cause the investment banking firm or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than forty-eight (48) hours from the time it receives the disputed determinations or calculations. Such investment banking firm’s or accountant’s determination or calculation, as the case may be, shall be deemed conclusive absent manifest error.

(d) Unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than five (5) Business Days after any partial exercise and at its own expense, issue a new Warrant identical in all respects to this Warrant exercised except it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant exercised, less the number of Warrant Shares with respect to which such Warrant is exercised.

(e) No fractional Warrant Shares are to be issued upon any pro rata exercise of this Warrant, but rather the number of Warrant Shares issued upon such exercise of this Warrant shall be rounded up or down to the nearest whole number.

(f) If the Company or its Transfer Agent shall fail for any reason or for no reason to issue to the Holder within ten (10) days of receipt of the Exercise Delivery Documents, a certificate for the number of Warrant Shares to which the Holder is entitled or to credit the holder’s balance account with DTC for such number of Warrant Shares to which the Holder is entitled upon the holder’s exercise of this Warrant, the Company shall, in addition to any other remedies under this Warrant or otherwise available to such holder, pay as additional damages in cash to such Holder on each day the issuance of such certificate for Warrant Shares is not timely effected an amount equal to 0.025% of the product of (a) the sum of the number of Warrant Shares not issued to the Holder on a timely basis and to which the Holder is entitled, and (b) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Common Stock to the Holder without violating this Section 2.

(g) If within ten (10) days after the Company's receipt of the Exercise Delivery Documents, the Company fails to deliver a new Warrant to the Holder for the number of Warrant Shares to which such Holder is entitled pursuant to Section 2 hereof, then, in addition to any other available remedies under this Warrant, or otherwise available to such holder, the Company shall pay as additional damages in cash to such Holder on each day after such tenth (10th) day that such delivery of such new Warrant is not timely effected in an amount equal to 0.25% of the product of (A) the number of Warrant Shares represented by the portion of this Warrant which is not being exercised and (B) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Warrant to the Holder without violating this Section 2.

3. **Covenants as to Common Stock**. The Company hereby covenants and agrees as follows:

(a) This Warrant is, and any Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(b) All Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

(c) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least one hundred percent (100%) of the number of shares of Common Stock needed to provide for the exercise of the rights then represented by this Warrant and the par value of said shares will at all times be less than or equal to the applicable Warrant Exercise Price. If at any time the Company does not have a sufficient number of shares of Common Stock authorized and available then, the Company shall call and hold a special meeting of the stockholders, within thirty (30) days of that time to increase the number of authorized shares of Common Stock.

(d) If at any time after the date hereof the Company shall file a registration statement, the Company shall include the Warrant Shares issuable to the Holder, pursuant to the terms of this Warrant and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Warrant Shares from time to time issuable upon the exercise of this Warrant; and the Company shall so list on each national securities exchange or automated quotation system, as the case may be, and shall maintain such listing of, any other shares of capital stock of the Company issuable upon the exercise of this Warrant if and so long as any shares of the same class shall be listed on such national securities exchange or automated quotation system. Notwithstanding the foregoing, if Holder can rely on Rule 144 to sell the Warrant Shares Holder is issued as a result of any Cashless Exercise hereunder without complying with the manner of sale provisions of Rule 144, the Company shall have no obligation to register such Warrant Shares.

(e) The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder of this Warrant in order to protect the exercise privilege of the Holder of this Warrant against dilution or other impairment, consistent with the tenor and purpose of this Warrant. The Company will not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Warrant Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(f) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets.

4. **Taxes**. The Company shall pay any and all taxes, except any applicable withholding, which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

5. **Warrant Holder Not Deemed a Stockholder**. Except as otherwise specifically provided herein, no holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the Holder of shares of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of this Warrant of the Warrant Shares which he or she is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on such Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 5, the Company will provide the Holder of this Warrant with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

6. **Representations of Holder**. The Holder of this Warrant, by the acceptance hereof, represents that it is acquiring this Warrant and the Warrant Shares for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, the Holder does not agree to hold this Warrant or any of the Warrant Shares for any minimum or other specific term and reserves the right to dispose of this Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. The Holder of this Warrant further represents, by acceptance hereof, that, as of this date, such Holder is an “accredited investor” as such term is defined in Rule 501(a)(1) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an “*Accredited Investor*”). Upon exercise of this Warrant the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Warrant Shares so purchased are being acquired solely for the holder’s own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale and that such Holder is an Accredited Investor. If such Holder cannot make such representations because they would be factually incorrect, it shall be a condition to such holder’s exercise of this Warrant that the Company receive such other representations as the Company considers reasonably necessary to assure the Company that the issuance of its securities upon exercise of this Warrant shall not violate any United States or state securities laws.

7. **Ownership and Transfer**. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the person in whose name any Warrant is registered on the register as the owner and Holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

8. **Adjustment of Warrant Exercise Price and Number of Shares**. The Warrant Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted from time to time as follows:

(a) **Adjustment of Warrant Exercise Price and Number of Shares upon Issuance of Common Stock**. If and whenever on or after the Issuance Date of this Warrant, the Company issues or sells, or is deemed to have issued or sold, any shares of Common Stock (other than Excluded Securities) for a consideration per share less than a price (the “*Applicable Price*”) equal to the Warrant Exercise Price in effect immediately prior to such issuance or sale (the foregoing a “*Dilutive Issuance*”), then immediately after such Dilutive Issuance the Warrant Exercise Price then in effect shall be reduced to an amount equal to the product of (X) the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and (Y) the quotient determined by dividing (1) the sum of (i) the product derived by multiplying the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and the number of shares of Common Stock deemed outstanding immediately prior to such Dilutive Issuance plus (ii) the consideration, if any, received by the Company upon such Dilutive Issuance, by (2) the product derived by multiplying (i) the Warrant Exercise Price in effect immediately prior to such Dilutive issuance by (ii) the number of shares of Common Stock deemed outstanding immediately after such Dilutive Issuance.

(b) **Effect on Warrant Exercise Price of Certain Events**. For purposes of determining the adjusted Warrant Exercise Price under Section 8(a) above, the following shall be applicable:

(i) **Issuance of Options**. If after the date hereof, the Company in any manner grants any Options 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 of any convertible securities issuable upon exercise of any such Option is less than the Applicable Price, then such share of Common Stock 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 8(b)(i), the lowest price per share for which one share of Common Stock is issuable upon exercise of such Options or upon conversion or exchange of such Convertible Securities 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 granting or sale of the Option, upon exercise of the Option or upon conversion or exchange of any convertible security issuable upon exercise of such Option. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock or of such convertible securities upon the exercise of such Options or upon the actual issuance of such Common Stock upon conversion or exchange of such convertible securities.

(ii) **Issuance of Convertible Securities**. If the Company in any manner issues or sells any convertible securities which are not Excluded Securities and the lowest price per share for which one share of Common Stock is issuable upon the conversion or exchange thereof is less than the Applicable Price, then such share of Common Stock 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 8(b)(ii), the lowest price per share for which one share of Common Stock is issuable upon such conversion or exchange shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the issuance or sale of the convertible security and upon conversion or exchange of such convertible security. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange 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 Warrant Exercise Price had been or are to be made pursuant to other provisions of this Section 8(b), no further adjustment of the Warrant 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 or exchange of any convertible securities, or the rate at which any convertible securities are convertible into or exchangeable for Common Stock changes at any time, the Warrant Exercise Price in effect at the time of such change shall be adjusted to the Warrant 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 and the number of Warrant Shares issuable upon exercise of this Warrant shall be correspondingly readjusted. For purposes of this Section 8(b)(iii), if the terms of any Option or convertible security that was outstanding as of the Issuance Date of this Warrant 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 pursuant to this Section 8(b) shall be made if such adjustment would result in an increase of the Warrant Exercise Price then in effect.

(iv) **Calculation of Consideration Received**. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefore will be deemed to be the net amount received by the Company therefore. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Company will be the market price of such securities on the date of receipt of such securities. If any Common Stock, Options or convertible securities which are not Excluded 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 therefore will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Options or convertible securities, as the case may be. The fair value of any consideration other than cash or securities will be determined jointly by the Company and the holders of the Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the “*Valuation Event*”), the fair value of such consideration will be determined within five (5) Business Days after the tenth (10th) day following the Valuation Event by an independent, reputable appraiser jointly selected by the Company and the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. The determination of such appraiser shall be final and binding upon all parties and the fees and expenses of such appraiser shall be borne jointly by the Company and the holders of Warrants.

(v) **Integrated Transactions**. In case 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 \$.01.

(vi) **Treasury Shares**. The number of shares of Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Company, and the disposition of any shares so owned or held will be considered an issue or sale of Common Stock.

(vii) **Record Date**. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (1) to receive a dividend or other distribution payable in Common Stock, Options or in convertible securities or (2) 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 shares of 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.

(c) **Adjustment of Warrant Exercise Price upon Subdivision or Combination of Common Stock**. If the Company at any time after the date of issuance of this Warrant subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, any Warrant Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately increased. If the Company at any time after the date of issuance of this Warrant combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, any Warrant Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant will be proportionately decreased. Any adjustment under this Section 8(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) **Distribution of Assets**. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a “*Distribution*”), at any time after the issuance of this Warrant, then, in each such case:

(i) any Warrant Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Warrant Exercise Price by a fraction of which (A) the numerator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company’s Board of Directors) applicable to one share of Common Stock, and (B) the denominator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date; and

(ii) either (A) the number of Warrant Shares obtainable upon exercise of this Warrant shall be increased to a number of shares equal to the number of shares of Common Stock obtainable immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i), or (B) in the event that the Distribution is of common stock of a company whose common stock is traded on a national securities exchange or a national automated quotation system, then the Holder of this Warrant shall receive an additional warrant to purchase Common Stock, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the amount of the assets that would have been payable to the Holder of this Warrant pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an exercise price equal to the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i).

(e) **Certain Events**. If any event occurs of the type contemplated by the provisions of this Section 8 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 will make an appropriate adjustment in the Warrant Exercise Price and the number of shares of Common Stock obtainable upon exercise of this Warrant so as to protect the rights of the holders of the Warrants; provided, except as set forth in section 8(c), that no such adjustment pursuant to this Section 8(e) will increase the Warrant Exercise Price or decrease the number of shares of Common Stock obtainable as otherwise determined pursuant to this Section 8.

(f) **Voluntary Adjustments 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.

(g) **Adjustment Upon Fundamental Transaction**. If, at any time while this Warrant is outstanding, (A) the Company effects any statutory reorganization, merger or consolidation of the Company with or into another Person where the Company either is or is not the surviving entity, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) 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 (D) 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 exercises of this Warrant, the Holder shall have the right, at its election, to receive, for each Warrant Share that would have been issuable upon such exercise absent 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 exercise, the determination of the Warrant 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 Warrant 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 conversion 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 assume the obligations under this Warrant.

(h) **Adjustment Upon Fundamental Transaction**. In the event that the Holder requires the Company to redeem the Notes pursuant to a Fundamental Change (as set forth in Section 5(g) of the Notes) than the Warrant Exercise Price shall be adjusted (if applicable) in accordance with the terms of Section 5(g) of the Notes.

9. Purchase Rights; Reorganization, Reclassification, Consolidation, Merger or Sale.

(a) In addition to any adjustments pursuant to Section 8 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "*Purchase Rights*"), then the Holder of this Warrant will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

If to a Holder of this Warrant, to it at the address and facsimile number set forth in this Section 11, or at such other address and facsimile as shall be delivered to the Company upon the issuance or transfer of this Warrant. Each party shall provide five (5) days' prior written notice to the other party of any change in address or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, facsimile, waiver or other communication, or (B) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

12. **Date.** The date of this Warrant is set forth on page 1 hereof. This Warrant, in all events, shall be wholly void and of no effect after the close of business on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 8(b) shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

13. **Amendment and Waiver.** Except as otherwise provided herein, the provisions of the Warrants may be amended by the Company and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding; provided, that except for Section 8(d), no such action may increase the Warrant Exercise Price or decrease the number of shares or class of stock obtainable upon exercise of any Warrant without the written consent of the Holder of such Warrant.

14. **Descriptive Headings; Governing Law.** The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The corporate laws of the state of Arizona shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the state of Arizona, without giving effect to any choice of law or conflict of law provision or rule (whether of the state of Arizona or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the state of Arizona. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Maricopa County, Arizona and the United States District Court for the District of Arizona, for the adjudication of any dispute hereunder or in connection herewith or therewith, or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such 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.

15. **Waiver of Jury Trial**. AS A MATERIAL INDUCEMENT FOR EACH PARTY HERETO TO ENTER INTO THIS WARRANT, THE PARTIES HERETO HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING RELATED IN ANY WAY TO THIS WARRANT AND/OR ANY AND ALL OF THE OTHER DOCUMENTS ASSOCIATED WITH THIS TRANSACTION.

[SIGNATURE PAGE FOLLOWS]

Form of Eighteen Month Warrant
Page 13 of 16

IN WITNESS WHEREOF , the Company has caused this Warrant to be signed as of the date first set forth above.

EARTH911, INC.

By: /s/ Barry Monheit

Name: Barry Monheit

Title: CEO

EXHIBIT A TO WARRANT

EXERCISE NOTICE

**TO BE EXECUTED
BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT**

EARTH911, INC.

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock (“*Warrant Shares*”) of Earth911 Inc., a Delaware corporation (the “*Company*”), evidenced by the attached Warrant (the “*Warrant*”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

Specify Method of exercise by check mark:

1. Cash Exercise
 - (a) Payment of Warrant Exercise Price . The holder shall pay the Aggregate Exercise Price of \$ _____ to the Company in accordance with the terms of the Warrant.
 - (b) Delivery of Warrant Shares . The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.
2. Cashless Exercise
 - (a) Payment of Warrant Exercise Price . In lieu of making payment of the Aggregate Exercise Price, the holder elects to receive upon such exercise the Net Number of shares of Common Stock determined in accordance with the terms of the Warrant.
 - (b) Delivery of Warrant Shares . The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____ ,

Name of Registered Holder

By: _____

Name: _____

Title: _____

Form of Eighteen Month Warrant

Page **15** of **16**

EXHIBIT B TO WARRANT

FORM OF WARRANT POWER

FOR VALUE RECEIVED, the undersigned does hereby assign and transfer to _____, Federal Identification No. _____, a warrant to purchase _____ shares of the capital stock of Earth011, Inc., a Delaware corporation, represented by warrant certificate no. _____, standing in the name of the undersigned on the books of said corporation. The undersigned does hereby irrevocably constitute and appoint _____, attorney to transfer the warrants of said corporation, with full power of substitution in the premises.

Dated: _____

By: _____

Name: _____

Title: _____

Exhibit 3.16(d)
to
Securities Purchase Agreement
FORM OF NOTICE OF DRAW

Reference is made to that certain Securities Purchase Agreement dated as of March 22, 2012 by and between the Buyer and Company. Capitalized terms used herein without definition are so used as defined in the Securities Purchase Agreement.

The Company hereby gives irrevocable notice, pursuant to Section 3.16 (d) of the Securities Purchase Agreement, of its request for a draw to be made in the aggregate amount of \$ _____ to be made on _____, _____.

The Company hereby (i) represents and warrants that all of the conditions contained in Section 2.2 and 3.16, as applicable of the Securities Purchase Agreement have been satisfied on and as of the date hereof, and will continue to be satisfied on and as of the date of the draw (s) requested hereby, before and after giving effect thereto and to the applications of the proceeds therefrom; and (ii) reaffirm the guaranty provisions set forth in the Guaranty Agreement.

IN WITNESS WHEREOF, the Company has caused this Notice of Draw of the Proceeds of the Note to be executed and delivered by its duly authorized officer as of the date first set forth above.

Earth911, Inc.

By: _____
Title: _____

SECURITY AGREEMENT

This Security Agreement (this “*Agreement*”), is entered into and made effective as of March 22, 2012, by and between **Earth911, Inc.**, a Delaware corporation with its principal place of business located at 1375 N. Scottsdale Rd, Suite 140, Scottsdale, AZ 85257 (the “*Company*”), and the undersigned subsidiaries of the Company (each a “*Guarantor*,” and collectively together with the Company, the “*Grantors*”), in favor of **Stockbridge Enterprises, L.P.**, a Nevada limited partnership (the “*Secured Party*”).

RECITALS

A. In connection with the Securities Purchase Agreement by and among the Company and the Secured Party of even date herewith (the “*Securities Purchase Agreement*”), the Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, to issue to the Secured Party (i) \$1,000,000.00 of senior secured bridge notes (the “*Notes*”), which shall be convertible into shares of the Company’s Common Stock (the “*Conversion Shares*”); and (ii) warrants (the “*Warrants*”) to be exercisable to acquire additional shares of Common Stock (the “*Warrants Shares*”) initially in that number of shares of Common Stock set forth in the Securities Purchase Agreement;

B. Each of the Guarantors (other than the Company) has executed and delivered a Guaranty dated the date hereof (the “*Guaranty*”) in favor of the Secured Party, with respect to the Company’s obligations under the Securities Purchase Agreement, the Notes, and the Transaction Documents (as defined below); and

C. Each of the Guarantors shall receive a direct benefit from the Secured Party entering into the Securities Purchase Agreement, the Notes, and the Transaction; and

D. It is a condition precedent to the Secured Party purchasing the Notes and Warrants pursuant to the Securities Purchase Agreement that the Grantors shall have executed and delivered to the Secured Party this Agreement providing for the grant to the Secured Party of a security interest in all personal property of each Grantor to secure all of the Company’s obligations under the “*Transaction Documents*” (as defined in the Securities Purchase Agreement) (the “*Transaction Documents*”) and the Guarantors’ obligations under the Guaranty;

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises, the promises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1

Definitions and Interpretations

1.1 Recitals. The above recitals are true and correct and are incorporated herein, in their entirety, by this reference.

1.2 Interpretations. Nothing herein expressed or implied is intended or shall be construed to confer upon any person other than the Secured Party any right, remedy or claim under or by reason hereof.

1.3 Definitions. Reference is hereby made to the Securities Purchase Agreement and the Notes for a statement of the terms thereof. All capitalized terms used in this Agreement and the recitals hereto and not defined herein shall have the meanings set forth in the Securities Purchase Agreement, the Notes, or in Articles 8 or 9 of the Uniform Commercial Code as in effect from time to time in the State of Arizona (the “Code”).

1.4 Other Definitions. As used in this Agreement, the following terms shall have the respective meanings indicated below, such meanings to be applicable equally to both the singular and plural forms of such terms:

“ *Event of Default* ” shall be deemed to have occurred under this Agreement upon an Event of Default under and as defined in the Notes.

SECTION 2

Pledged Property

2.1 Grant of Security Interest .

(a) As collateral security for all of the Obligations (as defined in Section 2.2 hereof), each Grantor hereby pledges and assigns to the Secured Party, and grants to the Secured Party for its benefit, a continuing security interest in and to all personal property of each Grantor, wherever located and whether now or hereinafter existing and whether now owned or hereafter acquired, of every kind and description, tangible or intangible, including without limitation, all Goods, Inventory, Equipment, Fixtures, Instruments (including promissory notes), Documents, Accounts (including health-care-insurance receivables, and license fees), Contracts, Contract Rights, Chattel Paper (whether tangible or electronic), Deposit Accounts (and in and to any deposits or other sums at any time credited to each such Deposit Account), Money, Letters of Credit and Letter-of-Credit Rights (whether or not the letter of credit is evidenced by a writing), Commercial Tort Claims, Securities and all other Investment Property, General Intangibles (including payment intangibles and software), Farm Products, all books and records relating to any of the foregoing, and all supporting obligations, and any and all proceeds and products of any thereof, including proceeds of insurance covering any or all of the foregoing, wherever located, whether now owned, or now due, in which a Grantor has an interest or the power to transfer rights, or hereafter acquired, arising, or to become due, or in which a Grantor obtains an interest, or the power to transfer rights, and as more particularly described on Exhibit A attached hereto (collectively, the “*Pledged Property*”). Notwithstanding anything in this Agreement or the other Transaction Documents to the contrary, the Pledged Property shall not include any licenses, leases or other contracts to the extent that the granting of a security interest therein would constitute a breach thereof or is prohibited thereby and such breach or prohibition is not ineffective under Sections 9-406(d), 9-407, 9-408 or 9-409 of the Code (collectively, the “*Excluded Pledged Property*”); provided, however, that the Excluded Pledged Property does not include (a) any Account arising under such licenses, leases or other contracts or (b) any payment or other property received or receivable in connection with any sale or other disposition of such licenses, leases or other contracts.

(b) Simultaneously with the execution and delivery of this Agreement, each Grantor shall make, execute, acknowledge, file, record and deliver to the Secured Party such documents, instruments, and agreements, including, without limitation, financing statements, certificates, affidavits and forms as may, in the Secured Party’s reasonable judgment, be necessary to effectuate, complete or perfect, or to continue and preserve, the security interest of the Secured Party in the Pledged Property.

2.2 Security for Obligations. The security interest created hereby in the Pledged Property constitutes continuing collateral security for all of the following obligations, whether now existing or hereinafter incurred (collectively, the “*Obligations*”):

(a) (i) the payment by the Company, as and when due and payable (by scheduled maturity, acceleration, demand or otherwise), of all amounts from time to time owing by it in respect of the Notes or the other Transaction Documents, or (ii) in the case of any Guarantor, the payment by such Guarantor, as and when due and payable of all “*Guaranteed Obligations*” under (and as defined in) the Guaranty; and

(b) the due performance and observance by each Grantor of all of its other obligations from time to time existing in respect of any of the Transaction Documents, including without limitation, with respect to any conversion or redemption rights of the Secured Party under the Notes.

SECTION 3

Attorney-In-Fact; Performance

3.1 Secured Party Appointed Attorney-In-Fact .

The Grantors hereby appoint the Secured Party as its attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, exercisable after and during the continuance of an Event of Default, from time to time in the Secured Party’s discretion to take any action and to execute any instrument which the Secured Party may reasonably deem necessary to accomplish the purposes of this Agreement, including, without limitation, to (a) receive and collect all instruments made payable to the Grantor representing any payments in respect of the Pledged Property or any part thereof and to give full discharge for the same; (b) demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Pledged Property as and when the Secured Party may determine, and (c) to facilitate collection, the Secured Party may notify account debtors and obligors on any Pledged Property to make payments directly to the Secured Party. The foregoing power of attorney is a power coupled with an interest and shall be irrevocable until all Obligations are paid and performed in full. The Grantors agree that the powers conferred on the Secured Party hereunder are solely to protect the Secured Party’s interests in the Pledged Property and shall not impose any duty upon the Secured Party to exercise any such powers.

3.2 Secured Party May Perform .

If a Grantor fails to perform any agreement contained herein, the Secured Party, at its option, may itself perform, or cause performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall be included in the Obligations secured hereby and payable by such Grantor under Section 8.3.

SECTION 4

Representations and Warranties

4.1 Authorization; Enforceability .

Each of the parties hereto represents and warrants that it has taken all action necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby; and upon execution and delivery, this Agreement shall constitute a valid and binding obligation of the respective party, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights or by the principles governing the availability of equitable remedies.

4.2 Ownership of Pledged Property.

Each Grantor represents and warrants that it is the legal and beneficial owner of the Pledged Property free and clear of any lien, security interest, option or other charge or encumbrance (each, a "*Lien*") except for the security interest created by this Agreement and other Permitted Liens. For purposes of this Agreement, "*Permitted Liens*" means: (1) the security interest created by this Agreement, (2) existing Liens which have been disclosed by the Company to the Secured Party on Schedule 4.2 attached hereto; (3) inchoate Liens for taxes, assessments or governmental charges or levies not yet due, as to which the grace period, if any, related thereto has not yet expired, or being contested in good faith and by appropriate proceedings for which adequate reserves have been established in accordance with GAAP; (4) Liens of carriers, materialmen, warehousemen, mechanics and landlords and other similar Liens which secure amounts which are not yet overdue or which are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP; (5) licenses, sublicenses, leases or subleases granted to other Persons not materially interfering with the conduct of the business of the Company; (6) Liens securing capitalized lease obligations and purchase money indebtedness incurred solely for the purpose of financing an acquisition or lease; (7) easements, rights-of-way, restrictions, encroachments, municipal zoning ordinances and other similar charges or encumbrances, and minor title deficiencies, in each case not securing debt and not materially interfering with the conduct of the business of the Company and not materially detracting from the value of the property subject thereto; (8) Liens arising out of the existence of judgments or awards which judgments or awards do not constitute an Event of Default; (9) Liens incurred in the ordinary course of business in connection with workers compensation claims, unemployment insurance, pension liabilities and social security benefits and Liens securing the performance of bids, tenders, leases and contracts in the ordinary course of business, statutory obligations, surety bonds, performance bonds and other obligations of a like nature (other than appeal bonds) incurred in the ordinary course of business (exclusive of obligations in respect of the payment for borrowed money); (10) Liens in favor of a banking institution arising by operation of law encumbering deposits (including the right of set-off) and contractual set-off rights held by such banking institution and which are within the general parameters customary in the banking industry and only burdening deposit accounts or other funds maintained with a creditor depository institution; (11) usual and customary set-off rights in leases and other contracts; (12) escrows in connection with acquisitions and dispositions; and (13) Liens on accounts that are discounted, factored, sold or otherwise transferred in connection with the indebtedness described in Section 7.3(vii).

4.3 Location of Pledged Property .

The Pledged Property is or will be kept at the address(es) of each Grantor set forth on the signature pages hereof, or such other locations as the Grantors have given the Secured Party written notice prior to the date hereof, and, unless otherwise provided herein, the Grantors will not remove any Pledged Property from such locations without the prior written consent of the Secured Party which consent shall not be unreasonably withheld; provided, however, that nothing in this Section 4.3 or any other provision of this Agreement shall prohibit any Grantor from shipping inventory in the ordinary course of business and further provided that any Grantor may store inventory with warehousemen.

4.4 Location, Jurisdiction of Organization and Name of Grantors .

Each Grantor's principal place of business, jurisdiction of organization, organization identification number, and exact legal name is as set forth on each such Grantor's signature page to this Agreement.

4.5 Priority of Security Interest .

The security interest granted to the Secured Party hereunder shall be a first priority security interest subject to no other Liens. Except for the Permitted Liens, no financing statement covering any of the Pledged Property or any proceeds thereof is on file in any public office.

SECTION 5

Default; Remedies

5.1 Method of Realizing Upon the Pledged Property: Other Remedies .

If any Event of Default shall have occurred and be continuing:

(a) The Secured Party may exercise in respect of the Pledged Property, in addition to any other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a secured party upon default under the Code (whether or not the Code applies to the affected Pledged Property), and also may (i) take absolute control of the Pledged Property, including, without limitation, transfer into the Secured Party's name or into the name of its nominee or nominees (to the extent the Secured Party has not theretofore done so) and thereafter receive, for the benefit of the Secured Party, all payments made thereon, give all consents, waivers and ratifications in respect thereof and otherwise act with respect thereto as though it were the outright owner thereof, (ii) require each Grantor to assemble all or part of the Pledged Property as directed by the Secured Party and make it available to the Secured Party at a place or places to be designated by the Secured Party that is reasonably convenient to both parties, and the Secured Party may enter into and occupy any premises owned or leased by a Grantor where the Pledged Property or any part thereof is located or assembled for a reasonable period in order to effectuate the Secured Party's rights and remedies hereunder or under law, without obligation to the Grantor in respect of such occupation, and (iii) without notice except as specified below and without any obligation to prepare or process the Pledged Property for sale, (A) sell the Pledged Property or any part thereof in one or more parcels at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Secured Party may deem commercially reasonable and/or (B) lease, license or dispose of the Pledged Property or any part thereof upon such terms as the Secured Party may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale or any other disposition of the Pledged Property shall be required by law, at least ten (10) days' notice to the Grantor of the time and place of any public sale or the time after which any private sale or other disposition of the Pledged Property is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale or other disposition of any Pledged Property regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefore, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor hereby waives any claims against the Secured Party arising by reason of the fact that the price at which the Pledged Property may have been sold at a private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Obligations, even if the Secured Party accepts the first offer received and does not offer such Pledged Property to more than one offeree, and waives all rights that the Grantor may have to require that all or any part of such Pledged Property be marshaled upon any sale (public or private) thereof. Each Grantor hereby acknowledges that (i) any such sale of the Pledged Property by the Secured Party may be made without warranty, (ii) the Secured Party may specifically disclaim any warranties of title, possession, quiet enjoyment or the like, and (iii) such actions set forth in clauses (i) and (ii) above shall not adversely affect the commercial reasonableness of any such sale of Pledged Property.

(b) Any cash held by the Secured Party as Pledged Property and all cash proceeds received by the Secured Party in respect of any sale of or collection from, or other realization upon, all or any part of the Pledged Property shall be applied (after payment of any amounts payable to the Secured Party pursuant to Section 8.3 hereof) by the Secured Party against, all or any part of the Obligations in such order as the Secured Party shall elect, consistent with the provisions of the Securities Purchase Agreement. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after the indefeasible payment in full in cash of all of the Obligations shall be paid over to whomsoever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct.

(c) In the event that the proceeds of any such sale, collection or realization are insufficient to pay all amounts to which the Secured Party is legally entitled, each Grantor shall be liable for the deficiency, together with interest thereon at the rate specified in the Notes for interest on overdue principal thereof or such other rate as shall be fixed by applicable law, together with the costs of collection and the reasonable fees, costs, expenses and other client charges of any attorneys employed by the Secured Party to collect such deficiency.

(d) Each Grantor hereby acknowledges that if the Secured Party complies with any applicable state, provincial, or federal law requirements in connection with a disposition of the Pledged Property, such compliance will not adversely affect the commercial reasonableness of any sale or other disposition of the Pledged Property.

(e) The Secured Party shall not be required to marshal any present or future collateral security (including, but not limited to, this Agreement and the Pledged Property) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of the Secured Party's rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that the Grantor lawfully may, each Grantor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Company hereby irrevocably waives the benefits of all such laws.

5.2 Duties Regarding Pledged Property .

The Secured Party shall have no duty as to the collection or protection of the Pledged Property or any income thereon or as to the preservation of any rights pertaining thereto, beyond (i) the safe custody and reasonable care of any of the Pledged Property actually in the Secured Party's possession, or (ii) any other obligations or duties imposed by the Code.

SECTION 6

Affirmative Covenants

So long as any of the Obligations shall remain outstanding (other than inchoate indemnification obligations), unless the Secured Party shall otherwise consent in writing:

6.1 Existence, Properties, Etc.

(a) Each Grantor shall do, or cause to be done, all things, or proceed with due diligence with any actions or courses of action, that may be reasonably necessary (i) to maintain Grantor's due organization, valid existence and good standing under the laws of its country or state of incorporation or organization, and (ii) to preserve and keep in full force and effect all qualifications, licenses and registrations in those jurisdictions in which the failure to do so could have a Material Adverse Effect (as defined below); and (b) each Grantor shall not do, or cause to be done, any act impairing the Grantor's corporate power or authority (i) to carry on the Grantor's business as now conducted, and (ii) to execute or deliver this Agreement or any other document delivered in connection herewith, including, without limitation, any UCC-1 Financing Statements required by the Secured Party (which other loan instruments collectively shall be referred to as the "*Loan Instruments*") to which it is or will be a party, or perform any of its obligations hereunder or thereunder. For purpose of this Agreement, the term "*Material Adverse Effect*" shall mean any material and adverse affect as determined by Secured Party in its reasonable discretion, whether individually or in the aggregate, upon (a) the Grantors' assets, business, operations, properties or condition, financial or otherwise; (b) the Grantors' ability to make payment as and when due of all or any part of the Obligations; or (c) the Pledged Property.

6.2 Financial Statements and Reports .

Each Grantor shall furnish to the Secured Party within a reasonable time such financial data as the Secured Party may reasonably request.

6.3 Accounts and Reports .

Each Grantor shall maintain a standard system of accounting in accordance with generally accepted accounting principles consistently applied ("*GAAP*") and provide, at its sole expense, to the Secured Party as soon as available, a copy of any notice or other communication alleging any nonpayment or other material breach or default, or any foreclosure or other action respecting any material portion of its assets and properties, received respecting any of the indebtedness of the Grantor in excess of \$50,000 (other than the Obligations).

6.4 Maintenance of Books and Records; Inspection.

Each Grantor shall maintain its books, accounts and records in accordance with GAAP, and permit the Secured Party, its officers and employees and any professionals designated by the Secured Party in writing, at any time during normal business hours and upon reasonable notice to visit and inspect any of its properties (including but not limited to the collateral security described in the Transaction Documents and/or the Loan Instruments), corporate books and financial records, and to discuss its accounts, affairs and finances with any employee, officer or director thereof (it being agreed that, unless an Event of Default shall have occurred and be continuing, there shall be no more than two (2) such visits and inspections in any Fiscal Year).

6.5 Maintenance and Insurance.

(a) Each Grantor shall maintain or cause to be maintained, at its own expense, all of its material assets and properties in good working order and condition, ordinary wear and tear excepted, making all necessary repairs thereto and renewals and replacements thereof.

(b) Each Grantor shall maintain or cause to be maintained, at its own expense, insurance in form, substance and amounts (including deductibles), which the Grantor deems reasonably necessary to the Company's business, (i) adequate to insure all assets and properties of the Grantor of a character usually insured by persons engaged in the same or similar business against loss or damage resulting from fire or other risks included in an extended coverage policy; (ii) against public liability and other tort claims that may be incurred by the Grantor; (iii) as may be required by the Transaction Documents and/or applicable law and (iv) as may be reasonably requested by Secured Party, all with financially sound and reputable insurers.

6.6 Contracts and Other Collateral.

Each Grantor shall perform all of its obligations under or with respect to each instrument, receivable, contract and other intangible included in the Pledged Property to which the Grantor is now or hereafter will be party on a timely basis and in the manner therein required, including, without limitation, this Agreement, except to the extent the failure to so perform such obligations would not reasonably be expected to have a Material Adverse Effect.

6.7 Defense of Collateral, Etc.

Each Grantor shall defend and enforce its right, title and interest in and to any part of: (a) the Pledged Property; and (b) if not included within the Pledged Property, those assets and properties whose loss would reasonably be expected to have a Material Adverse Effect, each against all manner of claims and demands on a timely basis to the full extent permitted by applicable law (other than any such claims and demands by holders of Permitted Liens).

6.8 Taxes and Assessments.

Each Grantor shall (a) file all material tax returns and appropriate schedules thereto that are required to be filed under applicable law, prior to the date of delinquency (taking into account any extensions of the original due date), (b) pay and discharge all material taxes, assessments and governmental charges or levies imposed upon the Grantor, upon its income and profits or upon any properties belonging to it, prior to the date on which penalties attach thereto, and (c) pay all material taxes, assessments and governmental charges or levies that, if unpaid, might become a lien or charge upon any of its properties; provided, however, that the Grantor in good faith may contest any such tax, assessment, governmental charge or levy described in the foregoing clauses (b) and (c) so long as appropriate reserves are maintained with respect thereto if and to the extent required by GAAP.

6.9 Compliance with Law and Other Agreements .

Each Grantor shall maintain its business operations and property owned or used in connection therewith in compliance with (a) all applicable federal, state and local laws, regulations and ordinances governing such business operations and the use and ownership of such property, and (b) all agreements, licenses, franchises, indentures and mortgages to which the Grantor is a party or by which the Grantor or any of its properties is bound, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect.

6.10 Notice of Default .

The Grantors will immediately notify the Secured Party of any event causing a substantial loss or diminution in the value of all or any material part of the Pledged Property and the amount or an estimate of the amount of such loss or diminution. The Grantors shall promptly notify the Secured Party of any condition or event which constitutes, or would constitute with the passage of time or giving of notice or both, an Event of Default, and promptly inform the Secured Party of any events or changes in the financial condition of any Grantor occurring since the date of the last financial statement of such Grantor delivered to the Secured Party, which individually or cumulatively when viewed in light of prior financial statements, which might reasonably be expected to have a Material Adverse Effect on the business operations or financial condition of the Grantor.

6.11 Notice of Litigation .

Each Grantor shall give notice, in writing, to the Secured Party of (a) any actions, suits or proceedings wherein the amount at issue is in excess of \$50,000, instituted by any persons against the Grantor, or affecting any of the assets of the Company, and (b) any dispute, not resolved within fifteen (15) days of the commencement thereof, between the Grantor on the one hand and any governmental or regulatory body on the other hand, which might reasonably be expected to have a Material Adverse Effect on the business operations or financial condition of the Grantor.

6.12 Future Subsidiaries .

If any Grantor shall hereafter create or acquire any subsidiary, simultaneously with the creation or acquisition of such subsidiary, such Grantor shall cause such subsidiary to become a party to this Agreement as an additional “Grantor” hereunder, and to duly execute and deliver a guaranty of the Obligations in favor of the Secured Party in form and substance reasonably acceptable to the Secured Party, and to duly execute and/or deliver such opinions of counsel and other documents, in form and substance reasonably acceptable to the Secured Party, as the Secured Party shall reasonably request with respect thereto.

6.13 Changes to Identity.

Each Grantor will (a) give the Secured Party at least 30 days' prior written notice of any change in such Grantor's name, identity or organizational structure, (b) maintain its jurisdiction of incorporation, organization or formation as set forth on its respective signature page attached hereto, (C) immediately notify the Secured Party upon obtaining an organizational identification number, if on the date hereof such Grantor did not have such identification number.

6.14 Perfection of Security Interests .

(a) **Financing Statements.** The Grantors hereby irrevocably authorize the Secured Party, at the sole cost and expense of the Grantors, at any time and from time to time to file in any filing office in any jurisdiction any initial financing statements and amendments thereto that (a) indicate the Pledged Property (i) as all assets of Grantors or words of similar effect, regardless of whether any particular asset comprised in the Pledged Property falls within the scope of Article 9 of the Code of such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by Part 5 of Article 9 of the Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor, and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Pledged Property relates. Grantors agree to furnish any such information to the Secured Party promptly upon request. Grantors also ratify their authorization for the Secured Party to have filed in any jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof. The Grantors acknowledge that they are not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of the Secured Party and agree that they will not do so without the prior written consent of the Secured Party. The Grantors acknowledge and agree that this Agreement constitutes an authenticated record.

(b) **Possession.** The Grantors (i) shall have possession of the Pledged Property, except where expressly otherwise provided in this Agreement or where the Secured Party chooses to perfect its security interest by possession in addition to the filing of a financing statement; and (ii) will, where Pledged Property is in the possession of a third party, join with the Secured Party in notifying the third party of the Secured Party's security interest and obtaining an acknowledgment from the third party that it is holding the Pledged Property for the benefit of the Secured Party.

(c) **Control.** In addition to the provisions set forth in Section 6.15 above, the Grantors will cooperate with the Secured Party in obtaining control with respect to the Pledged Property consisting of (i) Investment Property, (ii) Letters of Credit and Letter-of-Credit Rights, and (iii) electronic Chattel Paper.

(d) **Chattel Paper.** The Grantors will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to the Secured Party indicating that the Secured Party has a security interest in the Chattel Paper.

6.16 Notice of Commercial Tort Claims. If any Grantor shall at any time acquire a Commercial Tort Claim, such Grantor shall immediately notify the Secured Party in a writing signed by such Grantor which shall (a) provide brief details of said claim and (b) grant to the Secured Party a security interest in said claim and in the proceeds thereof, all upon the terms of this Agreement, in such form and substance satisfactory to the Secured Party.

SECTION 7

Negative Covenants

So long as any of the Obligations shall remain outstanding (other than inchoate indemnification obligations), unless the Secured Party shall otherwise consent in writing each Grantor covenants and agrees that it shall not:

7.1 Transfers, Liens and Encumbrances.

(a) Sell, assign (by operation of law or otherwise), lease, license, exchange or otherwise transfer or dispose of any of the Pledged Property, except Grantor may (i) sell or dispose of Inventory in the ordinary course of business, and (ii) sell or dispose of assets the Grantor has determined, in good faith, not to be useful in the conduct of its business, (iii) sell or dispose of accounts in the course of collection in the ordinary course of business consistent with past practice; and (iv) discount, factor, sell or otherwise transfer accounts in connection with Permitted Indebtedness (as defined below) described in Section 7.3(viii).

(b) Directly or indirectly make, create, incur, assume or permit to exist any Lien in, to or against any part of the Pledged Property other than Permitted Liens.

7.2 Restriction on Redemption and Cash Dividends.

Directly or indirectly, redeem, repurchase or declare or pay any cash dividend or distribution on its capital stock without the prior express written consent of the Secured Party.

7.3 Incurrence of Indebtedness.

Directly or indirectly, incur or guarantee, assume or suffer to exist any indebtedness, other than the indebtedness evidenced by the Notes and other Permitted Indebtedness. "*Permitted Indebtedness*" means: (i) indebtedness evidenced by Notes; (ii) indebtedness existing on the date hereof and described on Schedule 7.3 attached hereto; (iii) indebtedness incurred solely for the purpose of financing the acquisition or lease of any equipment by the Company, including capital lease obligations with no recourse other than to such equipment; (iv) indebtedness (A) the repayment of which has been subordinated to the payment of the Notes on terms and conditions acceptable to the Secured Party, including with regard to interest payments and repayment of principal, (B) which does not mature or otherwise require or permit redemption or repayment prior to or on the 91st day after the maturity date of any Notes then outstanding; and (C) which is not secured by any assets of the Company; (v) indebtedness solely between the Grantor and/or one of its domestic subsidiaries, on the one hand, and the Grantor and/or one of its domestic subsidiaries, on the other which indebtedness is not secured by any assets of the Grantor or any of its subsidiaries, provided that (x) in each case a majority of the equity of any such domestic subsidiary is directly or indirectly owned by the Grantor, such domestic subsidiary is controlled by the Grantor and such domestic subsidiary has executed a security agreement in the form of this Agreement and (y) any such loan shall be evidenced by an intercompany note that is pledged by the Grantor or its subsidiary, as applicable, as collateral pursuant to this Agreement; (vi) reimbursement obligations in respect of letters of credit issued for the account of the Grantor or any of its subsidiaries for the purpose of securing performance obligations of the Grantor or its subsidiaries incurred in the ordinary course of business so long as the aggregate face amount of all such letters of credit does not exceed \$100,000 at any one time; (vii) provided that there is not an Event of Default when incurred, additional indebtedness incurred that at any one time does not exceed \$200,000 individually or in the aggregate, which indebtedness may include, without limitation, indebtedness consisting of the discounting, factoring, sale or other transfer of accounts; and (viii) renewals, extensions and refinancing of any indebtedness described in clauses (i) or (vii) of this subsection.

7.4 Places of Business.

Change the location of its chief place of business, chief executive office or any place of business disclosed to the Secured Party, unless such change in location is to a different location within the United States and the Grantor provides notice to the Secured Party of the new location within ten (10) days' of such change in location.

SECTION 8

Indemnification, Affirmation and Waiver

8.1 In consideration of the Secured Party's execution and delivery of this Agreement and acquiring the Notes, the Conversion Shares, the Warrants and the Warrant Shares pursuant to the terms of the Securities Purchase Agreement, and in addition to all of the Company's other obligations under this Agreement, the Company shall defend, protect, indemnify and hold harmless the Secured Party and all of its officers, directors, employees and agents (including, without limitation, Mitchell Saltz, Southwest Capital Partners, LLC and those retained in connection with the transactions contemplated by this Agreement) (collectively, the "*Secured Party Indemnitees*") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such indemnified party is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "*Indemnified Liabilities*"), incurred by the Secured Party Indemnitees or any of them as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in this Agreement or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in this Agreement, or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, or (c) any cause of action, suit or claim brought or made against such Secured Party Indemnitee and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement or any other instrument, document or agreement executed pursuant hereto by any of the parties hereto. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

8.2 In consideration of the Company's execution and delivery of this Agreement, and in addition to all of the Secured Party's other obligations under this Agreement, the Secured Party shall defend, protect, indemnify and hold harmless the Company and all of its officers, directors, employees and agents (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "*Company Indemnitees*") from and against any and all Indemnified Liabilities incurred by the Indemnitees or any of them as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Secured Party in this Agreement or any other Transaction Document or any other certificate, instrument or document contemplated hereby or thereby executed by the Secured Party, (b) any breach of any covenant, agreement or obligation of the Secured Party contained in this Agreement or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby executed by the Secured Party, or (c) any cause of action, suit or claim brought or made against such Company Indemnitee based on material misrepresentations or due to a material breach and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement, the Transaction Documents or any other instrument, document or agreement executed pursuant hereto by any of the parties hereto. To the extent that the foregoing undertaking by the Secured Party may be unenforceable for any reason, the Secured Party shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

8.3 In consideration of the Secured Party's execution and delivery of this Agreement, and in addition to all of the Company's other obligations under this Agreement, the Company reaffirms its knowledge of the ownership interest of Mitchell Saltz in the Secured Party and Southwest Capital Partners, LLC and shall waive and fully release, and will hold harmless and forever discharge Mitchell Saltz, including his agents, employees, consultants, related companies, subsidiaries and attorneys from and against any and all liabilities, claims, demands, administrative complaints, causes of action and suits that it may have, or may hereafter acquire, of whatever kind and nature, known or unknown, presently existing or hereafter arising in the future, including, but not limited to, any claims and causes of action that arise from or relate to the ownership interest of Mitchell Saltz in the Secured Party and Southwest Capital Partners, LLC, acquiring the Notes, the Conversion Shares, the Warrants and the Warrant Shares, or any dealings between the parties thereby.

SECTION 9

Miscellaneous

9.1 Notices .

All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as duly given on: (a) the date of delivery, if delivered in person or by nationally recognized overnight delivery service or (b) five (5) days after mailing if mailed from within the continental United States by certified mail, return receipt requested to the party entitled to receive the same:

If to the Secured Party: Stockbridge Enterprises, L.P.
7377 East Doubletree Ranch Road, Suite 200
Scottsdale, AZ 85258
Attention: Mitch Saltz
Telephone: (602) 885-7854
Facsimile: (602) 907-1613

With a copy to: Jeffrey R. Perry Law Firm, P.C.
7119 E. Shea Blvd., Suite 109-111
Scottsdale, AZ 85254-6107
Attention: Jeffrey Perry, Esq.
Telephone: (480) 368-5441
Facsimile: (866) 288-4877

If to the Company: Earth911, Inc.
1375 N. Scottsdale Rd., Suite 140
Scottsdale, AZ 85257
Attention: Chief Executive Officer
Telephone: (480) 337-3025
Facsimile: (480) 348-0422

With a copy to: Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Attention: Robert Kant
Telephone: (602) 445-8301
Facsimile: (602) 445-8100

If to any other Grantor To the address listed on the respective signature pages attached hereto

Any party may change its address by giving notice to the other party stating its new address. Commencing on the tenth (10th) day after the giving of such notice, such newly designated address shall be such party's address for the purpose of all notices or other communications required or permitted to be given pursuant to this Agreement.

9.2 Severability.

If any provision of this Agreement shall be held invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other severable provision of this Agreement, and this Agreement shall be carried out as if any such invalid or unenforceable provision were not contained herein.

9.3 Expenses.

In the event of an Event of Default, the Company will pay to the Secured Party the amount of any and all reasonable out-of-pocket expenses, including the reasonable fees and expenses of its counsel, which the Secured Party may incur in connection with: (i) the custody or preservation of, or the sale, collection from, or other realization upon, any of the Pledged Property; (ii) the exercise or enforcement of any of the rights of the Secured Party hereunder or (iii) the failure by the Grantor to perform or observe any of the provisions hereof.

9.4 Waivers, Amendments, Etc.

The Secured Party's delay or failure at any time or times hereafter to require strict performance by Grantor of any undertakings, agreements or covenants shall not waive, affect, or diminish any right of the Secured Party under this Agreement to demand strict compliance and performance herewith. Any waiver by the Secured Party of any Event of Default shall not waive or affect any other Event of Default, whether such Event of Default is prior or subsequent thereto and whether of the same or a different type. None of the undertakings, agreements and covenants of the Grantor contained in this Agreement, and no Event of Default, shall be deemed to have been waived by the Secured Party, nor may this Agreement be amended, changed or modified, unless such waiver, amendment, change or modification is evidenced by an instrument in writing specifying such waiver, amendment, change or modification and signed by the Secured Party in the case of any such waiver, and signed by the Secured Party and the Grantor in the case of any such amendment, change or modification. Further, no such document, instrument, and/or agreement purported to be executed on behalf of the Secured Party shall be binding upon the Secured Party unless executed by a duly authorized representative of the Secured Party.

9.5 Continuing Security Interest.

This Agreement shall create a continuing security interest in the Pledged Property and shall: (i) remain in full force and effect so long as any of the Obligations shall remain outstanding; (ii) be binding upon each Grantor and its successors and assigns; and (iii) inure to the benefit of the Secured Party and its successors and assigns. Upon the payment or satisfaction in full of the Obligations, this Agreement and the security interest created hereby shall terminate, and, in connection therewith, each Grantor shall be entitled to the return, at its expense, of such of the Pledged Property as shall not have been sold in accordance with Section 5.2 hereof or otherwise applied pursuant to the terms hereof and the Secured Party shall deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

9.6 Independent Representation.

Each party hereto acknowledges and agrees that it has received or has had the opportunity to receive independent legal counsel of its own choice and that it has been sufficiently apprised of its rights and responsibilities with regard to the substance of this Agreement.

9.7 Applicable Law: Jurisdiction.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona without regard to the principles of conflict of laws. The parties further agree that any action between them shall be heard in Maricopa County, Arizona, and expressly consent to the jurisdiction and venue of the Superior Court of Arizona, sitting in Maricopa County and the United States District Court for the District of Arizona sitting in Phoenix, Arizona for the adjudication of any civil action asserted pursuant to this Section 8.7, provided, however, that nothing herein shall prevent the Secured Party from enforcing its rights and remedies (including, without limitation, by filing a civil action) with respect to the Pledged Property and/or the Grantors in any other jurisdiction in which the Pledged Property and/or the Grantors may be located.

9.8 Waiver of Jury Trial.

AS A FURTHER INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THIS AGREEMENT AND TO MAKE THE FINANCIAL ACCOMMODATIONS TO THE COMPANY, THE COMPANY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING RELATED IN ANY WAY TO THIS AGREEMENT AND/OR ANY AND ALL OTHER DOCUMENTS RELATED TO THIS TRANSACTION.

9.9 Right of Set Off.

The Grantors each hereby grant to the Secured Party, a lien, security interest and right of setoff as security for the Obligations, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of the Secured Party or any of its affiliates, or any entity under the control of the Secured Party, or in transit to any of them. Upon an Event of Default, the Secured Party may set off the same or any part thereof and apply the same to any of the Obligations even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE THE SECURED PARTY TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF THE GRANTORS, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

9.10 Entire Agreement.

This Agreement constitutes the entire agreement among the parties and supersedes any prior agreement or understanding among them with respect to the subject matter hereof.

[SIGNATURE PAGE FOLLOWS]

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

**COMPANY:
EARTH911, INC.**

By: /s/ Barry Monheit
Name: Barry Monheit
Title: CEO

Jurisdiction of Organization: Delaware

Organization ID:

GUARANTOR:

By: /s/ Corey Lambrecht
Name: Corey Lambrecht
Title: President, COO

Address for Notices:

Jurisdiction of Organization:

Organization ID:

**SECURED PARTY:
STOCKBRIDGE ENTERPRISES, L.P.**

By: /s/ Mitchell Saltz
Name: Mitchell Saltz
Title: Manager

Exhibit A
Definition of Pledged Property

For the purpose of securing prompt and complete payment and performance by the Grantor of all of the Obligations, the Grantors each unconditionally and irrevocably hereby grant to the Secured Party a continuing security interest in and to, and lien upon, the following Pledged Property of each Grantor (all capitalized terms used herein shall have the respective meanings ascribed thereto in the Code):

All personal property of each Grantor, wherever located and whether now or hereinafter existing and whether now owned or hereafter acquired, of every kind and description, tangible or intangible, including without limitation, all:

1. Goods;

2. Inventory, including, without limitation, all goods, merchandise and other personal property now owned or hereafter acquired by any Grantor which are held for sale or lease, or are furnished or to be furnished under any contract of service or are raw materials, work-in-process, supplies or materials used or consumed in such Grantor's business, and all products thereof, and all substitutions, replacements, additions or accessions therefore and thereto; and any cash or non-cash Proceeds of all of the foregoing;

3. Equipment, including, without limitation, all machinery, equipment, furniture, parts, tools and dies, of every kind and description, of any Grantor (including automotive equipment and motor vehicles, now owned or hereafter acquired by any Grantor, and used or acquired for use in the business of such Grantor, together with all accessions thereto and all substitutions and replacements thereof and parts therefore and all cash or non-cash Proceeds of the foregoing;

4. Fixtures, including, without limitation, all goods which are so related to particular real estate that an interest in them arises under real estate law and all accessions thereto, replacements thereof and substitutions therefore, including, but not limited to, plumbing, heating and lighting apparatus, mantels, floor coverings, furniture, furnishings, draperies, screens, storm windows and doors, awnings, shrubbery, plants, boilers, tanks, machinery, stoves, gas and electric ranges, wall cabinets, appliances, furnaces, dynamos, motors, elevators and elevator machinery, radiators, blinds and all laundry, refrigerating, gas, electric, ventilating, air-refrigerating, air-conditioning, incinerating and sprinkling and other fire prevention or extinguishing equipment of whatsoever kind and nature and any replacements, accessions and additions thereto, Proceeds thereof and substitutions therefore;

5. Instruments (including promissory notes);

6. Documents;

7. Accounts, including, without limitation, all Contract Rights and accounts receivable, health-care-insurance receivables, and license fees; any other obligations or indebtedness owed to any Grantor from whatever source arising; all rights of any Grantor to receive any payments in money or kind; all guarantees of Accounts and security therefore; all cash or non-cash Proceeds of all of the foregoing; all of the right, title and interest of any Grantor in and with respect to the goods, services or other property which gave rise to or which secure any of the accounts and insurance policies and proceeds relating thereto, and all of the rights of any Grantor as an unpaid seller of goods or services, including, without limitation the rights of stoppage in transit, replevin, reclamation and resale and all of the foregoing, whether now existing or hereafter created or acquired;

8. Contracts and Contract Rights, including, to the extent not included in the definition of Accounts, all rights to payment or performance under a contract not yet earned by performance and not evidenced by an Instrument or Chattel Paper;

9. Chattel Paper (whether tangible or electronic);

10. Deposit Accounts (and in and to any deposits or other sums at any time credited to each such Deposit Account);

11. Money, cash and cash equivalents;

12. Letters of Credit and Letter-of-Credit Rights (whether or not the Letter of Credit is evidenced by a writing);

13. Commercial Tort Claims;

14. Securities Accounts, Security Entitlements, Securities, Financial Assets and all other Investment Property, including, without limitation, all ownership or membership interests in any subsidiaries or affiliates (whether or not controlled by any Grantor) including the Company's interest in Quest Recycling Services, LLC;

15. General Intangibles, including, without limitation, all payment intangibles, tax refunds and other claims of any Grantor against any governmental authority, and all choses in action, insurance proceeds, goodwill, patents, copyrights, trademarks, tradenames, customer lists, formulae, inventions, discoveries, medical device designs or developments, works of authorship, proprietary information, trade secrets, licenses, permits, franchises, designs, computer software, research and literary rights now owned or hereafter acquired;

16. Farm Products;

17. All books and records (including all ledger sheets, files, computer programs, tapes and related data processing software) evidencing an interest in or relating to any of the foregoing; and

18. To the extent not already included above, all supporting obligations, and any and all cash and non-cash Proceeds, products, accessions, and/or replacements of any of the foregoing, including proceeds of insurance covering any or all of the foregoing. Upon the occurrence of a Default or Event of Default under the Transaction Documents, the Company will assign its right to all future distributions from Quest Recycling Services, LLC and the proceeds received from any sale of Quest Recycling Services, LLC until either the Default or Event of Default is cured or waived in writing by the Secured Party, or the Notes have been repaid in full.

Security Agreement

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DISCLOSURE SCHEDULE

Schedule 4.2 – Existing Liens

Disclosure Schedules have been omitted pursuant to Regulation S-K Item 601(b)(2), and Infinity agrees to furnish a supplemental copy of such exhibits or schedules upon request of the SEC.

Security Agreement

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Schedule 7.3 – Existing Indebtedness

Disclosure Schedules have been omitted pursuant to Regulation S-K Item 601(b)(2), and Infinity agrees to furnish a supplemental copy of such exhibits or schedules upon request of the SEC.

Security Agreement
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SECURITY AGREEMENT

(Patent)

This Security Agreement (Patent) (this “*Agreement*”), is entered into and made effective as of March 22, 2012, by and between **Earth911, Inc.**, a Delaware corporation with its principal place of business located at 1375 N. Scottsdale Rd, Suite 140, Scottsdale, AZ 85257 (the “*Parent*”), and each subsidiary of the Parent listed on Schedule I attached hereto (each a “*Subsidiary*,” and collectively and together with the Parent, the “*Company*”), in favor of **Stockbridge Enterprises, L.P.**, a Nevada limited partnership (the “*Secured Party*”).

RECITALS

A. In connection with the Securities Purchase Agreement by and among the Parent and the Secured Party of even date herewith (the “*Securities Purchase Agreement*”), the Parent has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, to issue to the Secured Party (i) \$1,000,000.00 of senior secured bridge notes (the “*Notes*”), which shall be convertible into shares of the Parent’s Common Stock (the “*Conversion Shares*”); and (ii) warrants (the “*Warrants*”) to be exercisable to acquire additional shares of Common Stock (the “*Warrants Shares*”) initially in that number of shares of Common Stock set forth in the Securities Purchase Agreement;

B. To induce the Secured Party to purchase the Notes and enter into the Securities Purchase Agreement and the documents entered into in connection therewith, (collectively referred to as the “*Transaction Documents*”), each Company hereby grants to the Secured Party a security interest, in and to the Patent Collateral (as defined below) to secure all of the Obligations (as defined below).

C. In connection with the Securities Purchase Agreement, each Company has agreed to provide the Secured Party a general security interest in the Pledged Property (as this term is defined in the Security Agreement by and between each Company and the Secured Party, of even date herewith (together with all amendments, supplements, restatements and other modifications, if any, from time to time made thereto, the “*Security Agreement*”);

D. Each Company has duly authorized the execution, delivery and performance of this Agreement;

AGREEMENT

NOW THEREFORE, for and in consideration of the premises, the promises and mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company agrees as follows:

1. Definitions. Unless otherwise defined herein otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Securities Purchase Agreement.

(a) “*Obligations*” shall have the meaning assigned to it in the Security Agreement.

2. Grant of Security Interest. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, to secure the payment and performance of all of the Obligations of the Company, the Company does hereby mortgage, pledge and hypothecate to the Secured Party and grant to the Secured Party a security interest in all of the following property (the "*Patent Collateral*"), now owned and existing:

- (a) all letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing anywhere in the world and including each patent and patent application referred to in Schedule A hereto;
- (b) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the items described in clause (a);
- (c) all patent licenses and other agreements providing the Company with the right to use any of the items of the type referred to in clauses (a) and (b), including each patent license referred to in Schedule A hereto;
- (d) the right to sue third parties for past, present or future infringements of any Patent Collateral described in clauses (a) and (b) and, to the extent applicable, clause (c); and
- (e) all proceeds of, and rights associated with, the foregoing, (including license royalties and proceeds of infringement suits), and all rights corresponding thereto throughout the world.

3. Security Agreement. This Agreement has been executed and delivered by each Company for the purpose of recording the security interest of the Secured Party in the Patent Collateral relating to patents referred to in Schedule A with the United States Patent and Trade Marks Office, to the extent it may be so registered therein. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

4. Release of Security Interest. Upon payment in full of all Obligations (other than inchoate indemnity obligations) the Secured Party shall, at the Company's expense, execute and deliver to the Company all instruments and other documents as may be necessary or proper to release the lien on any security interest in the Patent Collateral which has been granted hereunder.

5. Acknowledgement. The Company does hereby further acknowledge and affirm that the rights and remedies of the Secured Party with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by references herein as if fully set forth herein.

6. Securities Purchase Agreement. Notwithstanding any other term or provision hereof, in the event that any provisions hereof contradict and are incapable of being construed in conjunction with the provisions of the Securities Purchase Agreement, the provisions of the Securities Purchase Agreement shall take precedence over those contained herein and, in particular, if any act of the Company is expressly permitted under the Securities Purchase Agreement but is prohibited hereunder, any such act shall be permitted hereunder and any encumbrance expressly permitted under the Securities Purchase Agreement to exist or to remain outstanding shall be permitted hereunder and thereunder. This instrument, document or agreement may be sold, assigned or transferred by the Agent in accordance with the terms of the Securities Purchase Agreement.

7. Indemnification, Affirmation and Waiver. In consideration of the Secured Party's execution and delivery of this Agreement and acquiring the Notes, the Conversion Shares, the Warrants and the Warrant Shares hereunder, and in addition to all of the Company's other obligations under this Agreement, the Company shall defend, protect, indemnify and hold harmless the Secured Party and all of its officers, directors, employees and agents (including, without limitation, Mitchell Saltz, Southwest Capital Partners, LLC and those retained in connection with the transactions contemplated by this Agreement) (collectively, the "*Secured Party Indemnitees*") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such indemnified party is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "*Indemnified Liabilities*"), incurred by the Secured Party Indemnitees or any of them as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in this Agreement or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in this Agreement or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, or (c) any cause of action, suit or claim brought or made against such Secured Party Indemnitee and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement or any other instrument, document or agreement executed pursuant hereto by any of the parties hereto. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

In consideration of the Company's execution and delivery of this Agreement, and in addition to all of the Secured Party's other obligations under this Agreement, the Secured Party shall defend, protect, indemnify and hold harmless the Company and all of its officers, directors, employees and agents (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "*Company Indemnitees*") from and against any and all Indemnified Liabilities incurred by the Indemnitees or any of them as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Secured Party in this Agreement or any other Transaction Document or any other certificate, instrument or document contemplated hereby or thereby executed by the Secured Party, (b) any breach of any covenant, agreement or obligation of the Secured Party contained in this Agreement, or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby executed by the Secured Party, or (c) any cause of action, suit or claim brought or made against such Company Indemnitee based on material misrepresentations or due to a material breach and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement, the Transaction Documents or any other instrument, document or agreement executed pursuant hereto by any of the parties hereto. To the extent that the foregoing undertaking by the Secured Party may be unenforceable for any reason, the Secured Party shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

In consideration of the Secured Party's execution and delivery of this Agreement, and in addition to all of the Company's other obligations under this Agreement, the Company reaffirms its knowledge of the ownership interest of Mitchell Saltz in the Secured Party and Southwest Capital Partners, LLC and shall waive and fully release, and will hold harmless and forever discharge Mitchell Saltz, including his agents, employees, consultants, related companies, subsidiaries and attorneys from and against any and all liabilities, claims, demands, administrative complaints, causes of action and suits that it may have, or may hereafter acquire, of whatever kind and nature, known or unknown, presently existing or hereafter arising in the future, including, but not limited to, any claims and causes of action that arise from or relate to the ownership interest of Mitchell Saltz in the Secured Party and Southwest Capital Partners, LLC, acquiring the Notes, the Conversion Shares, the Warrants and the Warrant Shares, or any dealings between the parties thereby.

8. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Security Agreement (Patent) as of the date first above written

EARTH911, INC.

By: /s/ Barry Monheit
Name: Barry Monheit
Title: CEO

STATE OF ARIZONA)
) **SS:**
COUNTY OF MARICOPA)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named Barry Monheit, the CEO of Earth911, Inc. who acknowledged that he/she did sign the foregoing agreement and that the same is his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand an official seal at Maricopa County, Arizona, this 23rd day of March, 2012.

/s/ Jody J. Kramer

Notary Public

My Commission Expires:

November 20th 2015

GUARANTOR

By: /s/ Corey Lambrecht
Name: Corey Lambrecht
Title: President—COO

STATE OF ARIZONA)
) SS:
COUNTY OF MARICOPA)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named Corey Lambrecht, the 23rd of [March] who acknowledged that he/she did sign the foregoing agreement and that the same is his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand an official seal at Maricopa County, Arizona, this 23rd day of March, 2012.

/s/ Jody J. Kramer

Notary Public

My Commission Expires:

November 20th 2015

**SECURED PARTY:
STOCKBRIDGE ENTERPRISES, L.P.**

By: /s/ Mitchell Saltz

Name: Mitchell Saltz

Title: Manager

STATE OF ARIZONA)
) SS:
COUNTY OF MARICOPA)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named Mitchell Saltz, the Manager of Stockbridge Enterprises, L.P. who acknowledged that he/she did sign the foregoing agreement and that the same is his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand an official seal at Maricopa County, Arizona , this 23rd day of March, 2012.

/s/ Jody J. Kramer

Notary Public

My Commission Expires:

November 20th 2015

Security Agreement (Patent)

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SCHEDULE I

Legal Names; Organizational Identification Numbers; Jurisdiction of Organization

<u>Company's Name</u>	<u>Jurisdiction of Organization</u>	<u>Employer ID</u>	<u>Organizational ID</u>
Quest Recycling Services, LLC			

Security Agreement (Patent)

SCHEDULE A

Patents and Applications

<u>Patent/Application No.</u>	<u>Title</u>	<u>Filing/Grant Date</u>	<u>Country</u>
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Security Agreement (Patent)
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GUARANTY

This **Guaranty Agreement** (this "*Guaranty*"), dated as of March 22, 2012 is made by each of the undersigned (each a "*Guarantor*" , and collectively, the "*Guarantors*"), in favor of **Stockbridge Enterprises, L.P.**, a Nevada limited partnership (the "*Secured Party*").

RECITALS

A. In connection with the Securities Purchase Agreement by and among Earth911, Inc., a Delaware corporation (the "*Company*") and the Secured Party of even date herewith (the "*Securities Purchase Agreement*"), the Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, to issue to the Secured Party (i) \$1,000,000.00 of senior secured bridge notes (the "*Notes*"), which shall be convertible into shares of the Company's Common Stock (the "*Conversion Shares*"); and (ii) warrants (the "*Warrants*") to be exercisable to acquire additional shares of Common Stock (the "*Warrants Shares*") initially in that number of shares of Common Stock set forth in the Securities Purchase Agreement;

B. Each of the Guarantors is executing and delivering a Security Agreement dated the date hereof (the "*Security Agreement*") granting a lien in all of the Pledged Property (as defined in the Security Agreement) to the Secured Party;

C. It is a condition precedent to the Secured Party purchasing the Notes and Warrants pursuant to the Securities Purchase Agreement that the Guarantors shall have executed and delivered to the Secured Party this Agreement guaranteeing all of the obligations of the Company under the Transaction Documents (as defined in the Securities Purchase Agreement, the "*Transaction Documents*"); and

D. Each Guarantor has determined that the execution, delivery and performance of this Guaranty directly benefits, and is in the best interest of, such Guarantor.

AGREEMENT

NOW, THEREFORE , in consideration of the premises and the agreements herein and in order to induce the Secured Party to perform under the Securities Purchase Agreement, each Guarantor hereby agrees with the Secured Party as follows:

1. **Definitions** . Reference is hereby made to the Securities Purchase Agreement and the Notes issued pursuant thereto for a statement of the terms thereof. All terms used in this Guaranty, which are defined in the Securities Purchase Agreement or the Notes and not otherwise defined herein, shall have the same meanings herein as set forth therein.

2. **Guaranty** . The Guarantors, jointly and severally, hereby unconditionally and irrevocably, guaranty the punctual payment, as and when due and payable, by stated maturity or otherwise, of all Obligations (as defined in the Security Agreement) of the Company from time to time owing by it to the Secured Party (such obligations, to the extent not paid by the Company, being the "*Guaranteed Obligations*"), and agrees to pay any and all expenses (including reasonable counsel fees and expenses) reasonably incurred by the Secured Party in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, each Guarantor's liability hereunder shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Company to the Secured Party but for the fact that they are unenforceable or not allowable due to the existence of an insolvency proceeding involving any Guarantor or the Company (each, a "*Transaction Party*").

3. Guaranty Absolute; Continuing Guaranty; Assignments.

a. The Guarantors, jointly and severally, guarantee that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Transaction Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Secured Party with respect thereto. The obligations of each Guarantor under this Guaranty are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against any Guarantor to enforce such obligations, irrespective of whether any action is brought against any Transaction Party or whether any Transaction Party is joined in any such action or actions. The liability of any Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor hereby irrevocably waives, to the extent permitted by law, any defenses it may now or hereafter have in any way relating to, any or all of the following:

i. any lack of validity or enforceability of any Transaction Document or any agreement or instrument relating thereto;

ii. any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Transaction Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Transaction Party or otherwise;

iii. any taking, exchange, release or non-perfection of any Pledged Property (as defined in the Security Documents), or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

iv. any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of any Transaction Party; or

v. any other circumstance (including any statute of limitations) or any existence of or reliance on any representation by the Secured Party that might otherwise constitute a defense available to, or a discharge of, any Transaction Party or any other guarantor or surety.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Secured Party or any other Person upon the insolvency, bankruptcy or reorganization of any Transaction Party or otherwise, all as though such payment had not been made.

b. This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until the indefeasible cash payment in full of the Guaranteed Obligations (other than inchoate indemnity obligations) and (ii) be binding upon each Guarantor and its respective successors and assigns. This Guaranty shall inure to the benefit of and be enforceable by the Secured Party and its successors, and permitted pledgees, transferees and assigns. Without limiting the generality of the foregoing sentence, the Secured Party may pledge, assign or otherwise transfer all or any portion of its rights and obligations under and subject to the terms of any Transaction Document to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Secured Party herein or otherwise, in each case as provided in the Securities Purchase Agreement or such Transaction Document.

4. **Waivers.** To the extent permitted by applicable law, each Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that the Secured Party exhaust any right or take any action against any Transaction Party or any other Person or any Pledged Property. The Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 4 is knowingly made in contemplation of such benefits. The Guarantors hereby waive any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

5. **Subrogation.** No Guarantor may exercise any rights that it may now or hereafter acquire against any Transaction Party or any other Guarantor that arise from the existence, payment, performance or enforcement of any Guarantor's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Secured Party against any Transaction Party or any other guarantor or any Pledged Property, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Transaction Party or any other guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations (other than inchoate indemnity obligations) and all other amounts payable under this Guaranty (other than inchoate indemnity obligations) shall have indefeasibly been paid in full in cash. If any amount shall be paid to the Guarantor in violation of the immediately preceding sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, such amount shall be held in trust for the benefit of the Secured Party and shall forthwith be paid to the Secured Party to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Transaction Document, or to be held as Pledged Property for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) any Guarantor shall make payment to the Secured Party of all or any part of the Guaranteed Obligations, and (ii) all of the Guaranteed Obligations (other than inchoate indemnity obligations) and all other amounts payable under this Guaranty (other than inchoate indemnity obligations) shall indefeasibly be paid in full in cash, the Secured Party will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment by such Guarantor.

6. **Representations, Warranties and Covenants.**

(a) Each Guarantor hereby represents and warrants as of the date first written above as follows:

(i) The Guarantor (A) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (B) has all corporate, limited liability company or limited partnership power and authority to conduct its business as now conducted and as presently contemplated and to execute and deliver this Guaranty and each other Transaction Document to which the Guarantor is a party, and to consummate the transactions contemplated hereby and thereby and (C) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary except where the failure to be so qualified would not result in a Material Adverse Effect.

(ii) The execution, delivery and performance by the Guarantor of this Guaranty and each other Transaction Document to which the Guarantor is a party (A) have been duly authorized by all necessary corporate, limited liability company or limited partnership action, (B) do not and will not contravene its charter or by-laws, its limited liability company or operating agreement or its certificate of partnership or partnership agreement, as applicable, or any applicable law or any contractual restriction binding on the Guarantor or its properties (except where the contravention of such contractual restriction would not result in a Material Adverse Effect), (C) do not and will not result in or require the creation of any lien (other than pursuant to any Transaction Document) upon or with respect to any of its properties, and (D) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any material permit, license, authorization or approval applicable to it or its operations or any of its properties.

(iii) No authorization or approval or other action by, and no notice to or filing with, any governmental authority is required in connection with the due execution, delivery and performance by the Guarantor of this Guaranty or any of the other Transaction Documents to which the Guarantor is a party (other than expressly provided for in any of the Transaction Documents).

(iv) Each of this Guaranty and the other Transaction Documents to which the Guarantor is or will be a party, when delivered, will be, a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, suretyship or other similar laws and equitable principles (regardless of whether enforcement is sought in equity or at law).

(v) There is no pending or, to the knowledge of the Guarantor, threatened action, suit or proceeding against the Guarantor or to which any of the properties of the Guarantor is subject, before any court or other governmental authority or any arbitrator that (A) if adversely determined, could reasonably be expected to have a Material Adverse Effect or (B) relates to this Guaranty or any of the other Transaction Documents to which the Guarantor is a party or any transaction contemplated hereby or thereby.

(vi) The Guarantor (A) has read and understands the terms and conditions of the Securities Purchase Agreement and the other Transaction Documents, and (B) now has and will continue to have independent means of obtaining information concerning the affairs, financial condition and business of the Company and the other Transaction Parties, and has no need of, or right to obtain from the Secured Party, any credit or other information concerning the affairs, financial condition or business of the Company or the other Transaction Parties that may come under the control of the Secured Party.

7. **Right of Set-off**. Upon the occurrence and during the continuance of any Event of Default, the Secured Party may, and is hereby authorized to, at any time and from time to time, without notice to the Guarantors (any such notice being expressly waived by each Guarantor) and to the fullest extent permitted by law, set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Secured Party to or for the credit or the account of any Guarantor against any and all obligations of the Guarantors now or hereafter existing under this Guaranty or any other Transaction Document, irrespective of whether or not the Secured Party shall have made any demand under this Guaranty or any other Transaction Document and although such obligations may be contingent or unmatured. The Secured Party agrees to notify the relevant Guarantor promptly after any such set-off and application made by the Secured Party, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Secured Party under this Section 7 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Secured Party may have under this Guaranty or any other Transaction Document in law or otherwise.

8. **Notices, Etc.** All notices and other communications provided for hereunder shall be in writing and shall be mailed, telecopied or delivered, if to any Guarantor, to it at its address set forth on the signature page hereto, or if to the Secured Party, to it at its respective address set forth in the Securities Purchase Agreement; or as to either such Person at such other address as shall be designated by such Person in a written notice to such other Person complying as to delivery with the terms of this Section 8. All such notices and other communications shall be effective (i) if mailed (by certified mail, postage prepaid and return receipt requested), when received or three Business Days after deposited in the mails, whichever occurs first; (ii) if telecopied, when transmitted and confirmation is received, provided same is on a Business Day and, if not, on the next Business Day; or (iii) if delivered by hand, upon delivery, provided same is on a Business Day and, if not, on the next Business Day.

9. **Governing Law**. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona without regard to the principles of conflict of laws. The parties further agree that any action between them shall be heard in Maricopa County, Arizona, and expressly consent to the jurisdiction and venue of the Superior Court of Arizona, sitting in Maricopa County and the United States District Court for the District of Arizona sitting in Phoenix, Arizona for the adjudication of any civil action asserted pursuant to this Paragraph.

10. **WAIVER OF JURY TRIAL, ETC.** EACH GUARANTOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS GUARANTY OR THE OTHER TRANSACTION DOCUMENTS, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION HERewith OR THEREWITH, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS GUARANTY OR THE OTHER TRANSACTION DOCUMENTS, AND AGREES THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH GUARANTOR CERTIFIES THAT NO OFFICER, REPRESENTATIVE, AGENT OR ATTORNEY OF THE SECURED PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE SECURED PARTY WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS. EACH GUARANTOR HEREBY ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE SECURED PARTY ENTERING INTO THIS AGREEMENT.

11. Indemnification, Affirmation and Waiver. In consideration of the Secured Party's execution and delivery of this Agreement and acquiring the Notes, the Conversion Shares, the Warrants and the Warrant Shares pursuant to the terms of the Securities Purchase Agreement and in addition to all of the Company's other obligations under this Agreement, the Company shall defend, protect, indemnify and hold harmless Secured Party and all of its officers, directors, employees and agents (including, without limitation, Mitchell Saltz, Southwest Capital Partners, LLC and those retained in connection with the transactions contemplated by this Agreement) (collectively, the "*Secured Party Indemnitees*") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such indemnified party is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "*Indemnified Liabilities*"), incurred by the Secured Party Indemnitees or any of them as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in this Agreement or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in this Agreement, or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, or (c) any cause of action, suit or claim brought or made against such Secured Party Indemnitee and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement or any other instrument, document or agreement executed pursuant hereto by any of the parties hereto to the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

In consideration of the Guarantor's execution and delivery of this Agreement, and in addition to all of the Secured Party's other obligations under this Agreement, the Secured Party shall defend, protect, indemnify and hold harmless the Guarantors and all of their officers, directors, employees and agents (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "*Guarantor Indemnitees*") from and against any and all Indemnified Liabilities incurred by the Indemnitees or any of them as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Secured Party in this Agreement or any other Transaction Document or any other certificate, instrument or document contemplated hereby or thereby executed by the Secured Party, (b) any breach of any covenant, agreement or obligation of the Secured Party contained in this Agreement, or the other Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby executed by the Secured Party, or (c) any cause of action, suit or claim brought or made against such Guarantor Indemnitee based on material misrepresentations or due to a material breach and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement, the Transaction Documents or any other instrument, document or agreement executed pursuant hereto by any of the parties hereto. To the extent that the foregoing undertaking by the Secured Party may be unenforceable for any reason, the Secured Party shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

In consideration of the Secured Party's execution and delivery of this Agreement, and in addition to all of the Company's other obligations under this Agreement, the Company reaffirms its knowledge of the ownership interest of Mitchell Saltz in the Secured Party and Southwest Capital Partners, LLC and shall waive and fully release, and will hold harmless and forever discharge Mitchell Saltz, including his agents, employees, consultants, related companies, subsidiaries and attorneys from and against any and all liabilities, claims, demands, administrative complaints, causes of action and suits that it may have, or may hereafter acquire, of whatever kind and nature, known or unknown, presently existing or hereafter arising in the future, including, but not limited to, any claims and causes of action that arise from or relate to the ownership interest of Mitchell Saltz in the Secured Party and Southwest Capital Partners, LLC, acquiring the Notes, the Conversion Shares, the Warrants and the Warrant Shares, or any dealings between the parties thereby.

12. Miscellaneous

a. Each Guarantor will make each payment hereunder in lawful money of the United States of America and in immediately available funds to the Secured Party, at such address specified by the Secured Party from time to time by notice to the Guarantors.

b. No amendment or waiver of any provision of this Guaranty and no consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by each Guarantor and the Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

c. No failure on the part of the Secured Party to exercise, and no delay in exercising, any right hereunder or under any other Transaction Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder or under any Transaction Document preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Secured Party provided herein and in the other Transaction Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Secured Party under any Transaction Document against any party thereto are not conditional or contingent on any attempt by the Secured Party to exercise any of their respective rights under any other Transaction Document against such party or against any other Person.

d. Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

e. This Guaranty shall (i) be binding on each Guarantor and its respective successors and assigns, and (ii) inure, together with all rights and remedies of the Secured Party hereunder, to the benefit of the Secured Party and their respective successors, transferees and assigns. Without limiting the generality of clause (iii) of the immediately preceding sentence, the Secured Party may assign or otherwise transfer its rights and obligations under the Securities Purchase Agreement or any other Transaction Document to any other Person in accordance with the terms thereof, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted to the Secured Party, as the case may be, herein or otherwise. None of the rights or obligations of any Guarantor hereunder may be assigned or otherwise transferred without the prior written consent of Secured Party.

f. This Guaranty reflects the entire understanding of the transaction contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, entered into before the date hereof.

g. Section headings herein are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF , each Guarantor has caused this Guaranty to be executed by its respective duly authorized officer, as of the date first above written.

GLOBAL ALERTS, LLC

By: /s/ Corey Lambrecht

Name: Corey Lambrecht

Title: President/COO

Address:

STATE OF ARIZONA)
) **SS:**
COUNTY OF MARICOPA)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named Corey Lambrecht, the 23 of [March] who acknowledged that he/she did sign the foregoing agreement and that the same is his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand an official seal at Maricopa County, Arizona, this 23rd day of March, 2012.

/s/ Jody J. Kramer

Notary Public

My Commission Expires:

November 20th 2015

ALLONGE TO SENIOR SECURED CONVERTIBLE NOTE

This Allonge (the "Allonge"), dated as of October 10, 2012, attached to and forming a part of the Senior Secured Convertible Note, dated March 22, 2012 (collectively, the "Note"), made by EARTH911, INC., a Delaware corporation (the "Company"), payable to the order of STOCKBRIDGE ENTERPRISES, L.P., a Nevada limited partnership (the "Holder"), in the principal amount of \$1,000,000 is entered into by the Company and Holder as of the date above.

WHEREAS, the Company is in compliance with the Note and the related documents, also dated March 22, 2012, including the Securities Purchase Agreement, Patent Security Agreement, Warrants, Security Agreement and Guaranty (collectively the "Transaction Documents"); and

WHEREAS, the Company and the Holder desire to amend the Note in accordance with the terms set forth in this Allonge.

NOW THEREFORE, in consideration of the mutual covenants and for other good and valuable consideration, the parties agree as follows:

1. The Original Principal Amount of the Note is restated as \$3,000,000.
2. Paragraphs (a) and (b) of Section 1, "General Terms," of the Note are hereby amended and restated in their entirety as follows:

1. GENERAL TERMS.

(a) Payment of Principal. On the Maturity Date, the Company shall pay to Holder an amount in cash representing all outstanding Principal, accrued and unpaid Interest. The "*Maturity Date*" shall be October 1, 2014, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined below) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default.

(b) Interest. Interest shall accrue on the outstanding principal balance hereof at an annual rate equal to nine percent (9.0%) ("*Interest Rate*"). Interest shall be calculated on the basis of a 360-day year, or a 30-day calendar month regardless of the number of actual days in each month, to the extent permitted by applicable law. Interest hereunder shall be paid in cash in arrears on each Interest Payment Date (as defined herein) and on the Maturity Date (or sooner as provided herein) to the Holder or its assignee in whose name this Note is registered on the records of the Company regarding registration and transfers of Notes.

3. Paragraph (a)(ii) of Section 4, "CONVERSION OF NOTE," is hereby amended and restated in its entirety as follows:

(ii) "**Conversion Price**" means, as of any Conversion Date (as defined below) before the occurrence of any Triggering Event, if prior to the Maturity Date, \$0.50, or if after the Maturity Date, \$0.25, subject to adjustment as provided herein (the "*Fixed Conversion Price*"), and as of any Conversion Date following the occurrence of any Triggering Event, the lower of (a) the Fixed Conversion Price or (b) the average Closing Bid Price during the ten (10) Trading Days immediately preceding the Conversion Date (the "*Market Conversion Price*").

4. Paragraph 3.17 of Section 3, "Covenants," of the Securities Purchase Agreement is hereby amended and restated in its entirety as follows:

3.17 **Drawing Period** . Subject to the satisfaction (or waiver) of the terms and conditions of this Agreement, the Buyer agrees to provide funding of the proceeds under the Note for the period ending eighteen (18) months from the date of the Agreement.

5. Paragraph (b) of Section 1, "Definitions," of Warrant No.: EARTH911, INC.-1-1 is hereby amended and restated in its entirety as follows:

"**Warrant Exercise Price**" shall be, as of any exercise date before the occurrence of any Triggering Event, \$0.50 (the "*Fixed Exercise Price*"), and, as of any exercise date following the occurrence of any Triggering Event, the lower of (a) the Fixed Exercise Price or (b) the average Closing Bid Price during the ten (10) Trading Days immediately preceding the exercise date, or as subsequently adjusted as provided in Section 8 hereof.

6. The Contingent Warrants are hereby amended as follows with Warrant No.: EARTH911, INC.-1-2 exercisable at the conclusion of thirty (30) months after the issuance date of the warrant, but only in the event that all outstanding principal and accrued interest on the Note is not paid in full at such date, as provided for therein (the "30-Month Warrant"), Warrant No.: EARTH911, INC.-1-3 exercisable at the conclusion of thirty three (33) months after the issuance date of the warrant, but only in the event that all outstanding principal and accrued interest on the Note is not paid in full at such date, as provided for therein (the "33-Month Warrant"), and Warrant No.: EARTH911, INC.-1-4 exercisable at the conclusion of thirty six (36) months after the issuance date of the warrant, but only in the event that all outstanding principal and accrued interest on the Note is not paid in full at such date, as provided for therein (the "36-Month Warrant").

7. In all other respects, the Note is confirmed, ratified, and approved and, as amended by this Allonge, shall continue in full force and effect.

8. This Allonge will be effective upon the Company's issuance to the Holder of (i) an additional warrant (*not subject to the YCNG merger exchange ratio adjustment*) exercisable, at any time or times on or after the date of this Allonge, to purchase 4,000,000 shares of Common Stock of the Company in the form as set forth in Warrant No.: EARTH911, INC.-1-1, and (ii) 100,000 shares of Common Stock of the Company.

IN WITNESS WHEREOF, the Company and Holder have caused this Allonge to be executed and delivered by their respective duly authorized officers as of the date and year first above written.

EARTH911, INC.

By: /s/ Barry Monheit

Barry Monheit

Its: Chief Executive Officer

Accepted and agreed to:

STOCKBRIDGE ENTERPRISES, L.P.

By: /s/ Daniel Gross

Daniel Gross

Its: Manager of the General Partner

WARRANT

THE SECURITIES REPRESENTED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

EARTH911, INC.

Warrant To Purchase Common Stock

Warrant No.: EARTH911, INC.-1-5

Number of Shares:	4,000,000
Warrant Exercise Price:	\$0.50
Expiration Date:	October 10, 2017

Date of Issuance: October 10, 2012

EARTH911, INC., a Delaware corporation (the “*Company*”), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **STOCKBRIDGE ENTERPRISES, L.P.**, a Nevada limited partnership, the registered holder (the “*Holder*”) hereof or its permitted assigns, is entitled, subject to the terms set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof, but not after 11:59 P.M. Eastern Time on the Expiration Date (as defined herein) 4,000,000 fully paid and nonassessable shares of Common Stock (as defined herein) of the Company (the “*Warrant Shares*”) at the exercise price per share provided in Section 1(b) below or as subsequently adjusted, **provided however**, the Warrant Shares are not subject to the YouChange Holdings Corp. merger exchange ratio adjustment. This Warrant is issued pursuant to the Securities Purchase Agreement, dated March 22, 2012, by and between the Company and the Holder (the “*Agreement*”) and the Allonge (the “*Allonge*”), dated as of October 10, 2012, attached to and forming a part of the Senior Secured Convertible Note, dated March 22, 2012 (collectively, the “*Note*”), made by the Company payable to the Holder.

1. Definitions.

(a) This Warrant is issued pursuant to the Securities Purchase Agreement (“*Securities Purchase Agreement*”), dated March 22, 2012, between the Company and the Holder and the Allonge, dated as of October 10, 2012, attached to and forming a part of the Note, dated March 22, 2012, made by the Company payable to the Holder or issued in exchange or substitution thereafter or replacement thereof. Each Capitalized term used, and not otherwise defined herein, shall have the meaning ascribed thereto in the Securities Purchase Agreement.

Form of Additional Warrant

Page 1 of 16

(b) The following words and terms as used in this Warrant shall have the following meanings:

“**Approved Stock Plan**” means a stock option plan that has been approved by the Board of Directors of the Company.

“**Business Day**” means any day other than Saturday, Sunday or other day on which commercial banks in the City of Phoenix, Arizona are authorized or required by law to remain closed.

“**Closing Bid Price**” means the closing bid price of Common Stock as quoted on the Principal Market (as reported by Bloomberg Financial Markets (“**Bloomberg**”) through its “Volume at Price” function).

“**Common Stock**” means (i) the Company’s common stock, par value \$0.0001 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

“**Notes**” means the Senior Secured Convertible Notes issued pursuant to the Securities Purchase Agreement.

“**Excluded Securities**” means, (a) shares issued or deemed to have been issued by the Company pursuant to an Approved Stock Plan, (b) shares of Common Stock issued or deemed to be issued by the Company upon the conversion, exchange or exercise of any right, option, obligation or security outstanding on the date prior to the date of the Securities Purchase Agreement, provided that the terms of such right, option, obligation or security are not amended or otherwise modified on or after the date of the Securities Purchase Agreement, and provided that the conversion price, exchange price, exercise price or other purchase price is not reduced, adjusted or otherwise modified and the number of shares of Common Stock issued or issuable is not increased (whether by operation of, or in accordance with, the relevant governing documents or otherwise) on or after the date of the Securities Purchase Agreement, and (c) the shares of Common Stock issued or deemed to be issued by the Company upon conversion of the Convertible Notes or exercise of the Warrants.

“**Expiration Date**” means October 10, 2017.

“**Issuance Date**” means the date hereof.

“**Options**” means any rights, warrants or options to subscribe for or purchase Common Stock and which are not Excluded Securities.

“**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

“**Primary Market**” means on any of (a) the American Stock Exchange, (b) New York Stock Exchange, (c) the Nasdaq Global Select Market, (d) the Nasdaq Global Market, (e) the Nasdaq Capital Market, or (e) the Over-the-Counter Bulletin Board (“**OTCBB**”)

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Warrant**” means this Warrant and all Warrants issued in exchange, transfer or replacement thereof.

“**Warrant Exercise Price**” shall be, as of any exercise date before the occurrence of any Triggering Event, \$0.50 (the “*Fixed Exercise Price*”), and, as of any exercise date following the occurrence of any Triggering Event, the lower of (a) the Fixed Exercise Price or (b) the average Closing Bid Price during the ten (10) Trading Days immediately preceding the exercise date, or as subsequently adjusted as provided in Section 8 hereof.

Other Definitional Provisions.

Except as otherwise specified herein, all references herein (i) to the Company shall be deemed to include the Company’s successors and (ii) to any applicable law defined or referred to herein shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

When used in this Warrant, the words “herein,” “hereof,” and “hereunder” and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words “Section,” “Schedule,” and “Exhibit” shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

2. Exercise of Warrant .

(a) Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder hereof then registered on the books of the Company, in whole or in part, at any time on any Business Day on or after the opening of business on such Business Day, commencing with the first day after the date hereof, and prior to 11:59 P.M. Eastern Time on the Expiration Date (i) by delivery of a written notice, in the form of the subscription notice attached as Exhibit A hereto (the “*Exercise Notice*”), of such Holder’s election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased, payment to the Company of an amount equal to the Warrant Exercise Price (s) applicable to the Warrant Shares being purchased, multiplied by the number of Warrant Shares (at the applicable Warrant Exercise Price) as to which this Warrant is being exercised (plus any applicable issue or transfer taxes) (the “*Aggregate Exercise Price*”) in cash or wire transfer of immediately available funds and the surrender of this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) to a common carrier for overnight delivery to the Company as soon as practicable following such date (“*Cash Basis*”) or (ii) if at the time of exercise, the Warrant Shares are not subject to an effective registration statement by delivering an Exercise Notice and in lieu of making payment of the Aggregate Exercise Price in cash or wire transfer, elect instead to receive upon such exercise the “Net Number” of shares of Common Stock determined according to the following formula (the “*Cashless Exercise*”):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A = the total number of Warrant Shares with respect to which this Warrant is then being exercised.

B = the Closing Bid Price of the Common Stock on the date of exercise of the Warrant.

C = the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(b) In the event of any exercise of the rights represented by this Warrant in compliance with this Section 2, the Company shall on or before the fifth (5th) Business Day following the date of receipt of the Exercise Notice, the Aggregate Exercise Price and this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) and the receipt of the representations of the Holder specified in Section 6 hereof, if requested by the Company (the “*Exercise Delivery Documents*”), and if the Common Stock is The Depository Trust Company (“*DTC*”) eligible, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder’s or its designee’s balance account with DTC; provided, however, if the Holder who submitted the Exercise Notice requested physical delivery of any or all of the Warrant Shares, or, if the Common Stock is not DTC eligible then the Company shall, on or before the fifth (5th) Business Day following receipt of the Exercise Delivery Documents, issue and surrender to a common carrier for overnight delivery to the address specified in the Exercise Notice, a certificate, registered in the name of the Holder, for the number of shares of Common Stock to which the Holder shall be entitled pursuant to such request. Upon delivery of the Exercise Notice and Aggregate Exercise Price referred to in clause (i) or (ii) above the Holder of this Warrant shall be deemed for all corporate purposes to have become the Holder of record of the Warrant Shares with respect to which this Warrant has been exercised. In the case of a dispute as to the determination of the Warrant Exercise Price, the Closing Bid Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via facsimile within one (1) Business Day of receipt of the Holder’s Exercise Notice.

(c) If the Holder and the Company are unable to agree upon the determination of the Warrant Exercise Price or arithmetic calculation of the Warrant Shares within one (1) day of such disputed determination or arithmetic calculation being submitted to the holder, then the Company shall immediately submit via facsimile (i) the disputed determination of the Warrant Exercise Price or the Closing Bid Price to an independent, reputable investment banking firm or (ii) the disputed arithmetic calculation of the Warrant Shares to its independent, outside accountant. The Company shall cause the investment banking firm or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than forty-eight (48) hours from the time it receives the disputed determinations or calculations. Such investment banking firm’s or accountant’s determination or calculation, as the case may be, shall be deemed conclusive absent manifest error.

(d) Unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than five (5) Business Days after any partial exercise and at its own expense, issue a new Warrant identical in all respects to this Warrant exercised except it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant exercised, less the number of Warrant Shares with respect to which such Warrant is exercised.

(e) No fractional Warrant Shares are to be issued upon any pro rata exercise of this Warrant, but rather the number of Warrant Shares issued upon such exercise of this Warrant shall be rounded up or down to the nearest whole number.

(f) If the Company or its Transfer Agent shall fail for any reason or for no reason to issue to the Holder within ten (10) days of receipt of the Exercise Delivery Documents, a certificate for the number of Warrant Shares to which the Holder is entitled or to credit the holder's balance account with DTC for such number of Warrant Shares to which the Holder is entitled upon the holder's exercise of this Warrant, the Company shall, in addition to any other remedies under this Warrant or otherwise available to such holder, pay as additional damages in cash to such Holder on each day the issuance of such certificate for Warrant Shares is not timely effected an amount equal to 0.025% of the product of (a) the sum of the number of Warrant Shares not issued to the Holder on a timely basis and to which the Holder is entitled, and (b) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Common Stock to the Holder without violating this Section 2.

(g) If within ten (10) days after the Company's receipt of the Exercise Delivery Documents, the Company fails to deliver a new Warrant to the Holder for the number of Warrant Shares to which such Holder is entitled pursuant to Section 2 hereof, then, in addition to any other available remedies under this Warrant, or otherwise available to such holder, the Company shall pay as additional damages in cash to such Holder on each day after such tenth (10th) day that such delivery of such new Warrant is not timely effected in an amount equal to 0.25% of the product of (A) the number of Warrant Shares represented by the portion of this Warrant which is not being exercised and (B) the Closing Bid Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Warrant to the Holder without violating this Section 2.

3. **Covenants as to Common Stock**. The Company hereby covenants and agrees as follows:

(a) This Warrant is, and any Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(b) All Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

(c) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least one hundred percent (100%) of the number of shares of Common Stock needed to provide for the exercise of the rights then represented by this Warrant and the par value of said shares will at all times be less than or equal to the applicable Warrant Exercise Price. If at any time the Company does not have a sufficient number of shares of Common Stock authorized and available then, the Company shall call and hold a special meeting of the stockholders, within thirty (30) days of that time to increase the number of authorized shares of Common Stock.

(d) If at any time after the date hereof the Company shall file a registration statement, the Company shall include the Warrant Shares issuable to the Holder, pursuant to the terms of this Warrant and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Warrant Shares from time to time issuable upon the exercise of this Warrant; and the Company shall so list on each national securities exchange or automated quotation system, as the case may be, and shall maintain such listing of, any other shares of capital stock of the Company issuable upon the exercise of this Warrant if and so long as any shares of the same class shall be listed on such national securities exchange or automated quotation system. Notwithstanding the foregoing, if Holder can rely on Rule 144 to sell the Warrant Shares Holder is issued as a result of any Cashless Exercise hereunder without complying with the manner of sale provisions of Rule 144, the Company shall have no obligation to register such Warrant Shares.

(e) The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder of this Warrant in order to protect the exercise privilege of the Holder of this Warrant against dilution or other impairment, consistent with the tenor and purpose of this Warrant. The Company will not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Warrant Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(f) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets.

4. **Taxes.** The Company shall pay any and all taxes, except any applicable withholding, which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

5. **Warrant Holder Not Deemed a Stockholder.** Except as otherwise specifically provided herein, no holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the Holder of shares of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of this Warrant of the Warrant Shares which he or she is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on such Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 5, the Company will provide the Holder of this Warrant with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

6. **Representations of Holder.** The Holder of this Warrant, by the acceptance hereof, represents that it is acquiring this Warrant and the Warrant Shares for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, the Holder does not agree to hold this Warrant or any of the Warrant Shares for any minimum or other specific term and reserves the right to dispose of this Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. The Holder of this Warrant further represents, by acceptance hereof, that, as of this date, such Holder is an "accredited investor" as such term is defined in Rule 501(a)(1) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an "*Accredited Investor*"). Upon exercise of this Warrant the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Warrant Shares so purchased are being acquired solely for the holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale and that such Holder is an Accredited Investor. If such Holder cannot make such representations because they would be factually incorrect, it shall be a condition to such holder's exercise of this Warrant that the Company receive such other representations as the Company considers reasonably necessary to assure the Company that the issuance of its securities upon exercise of this Warrant shall not violate any United States or state securities laws.

7. **Ownership and Transfer**. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the person in whose name any Warrant is registered on the register as the owner and Holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

8. **Adjustment of Warrant Exercise Price and Number of Shares**. The Warrant Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted from time to time as follows:

(a) **Adjustment of Warrant Exercise Price and Number of Shares upon Issuance of Common Stock**. If and whenever on or after the Issuance Date of this Warrant, the Company issues or sells, or is deemed to have issued or sold, any shares of Common Stock (other than Excluded Securities) for a consideration per share less than a price (the "*Applicable Price*") equal to the Warrant Exercise Price in effect immediately prior to such issuance or sale (the foregoing a "*Dilutive Issuance*"), then immediately after such Dilutive Issuance the Warrant Exercise Price then in effect shall be reduced to an amount equal to the product of (X) the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and (Y) the quotient determined by dividing (1) the sum of (i) the product derived by multiplying the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and the number of shares of Common Stock deemed outstanding immediately prior to such Dilutive Issuance plus (ii) the consideration, if any, received by the Company upon such Dilutive Issuance, by (2) the product derived by multiplying (i) the Warrant Exercise Price in effect immediately prior to such Dilutive issuance by (ii) the number of shares of Common Stock deemed outstanding immediately after such Dilutive Issuance.

(b) **Effect on Warrant Exercise Price of Certain Events**. For purposes of determining the adjusted Warrant Exercise Price under Section 8(a) above, the following shall be applicable:

(i) **Issuance of Options**. If after the date hereof, the Company in any manner grants any Options 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 of any convertible securities issuable upon exercise of any such Option is less than the Applicable Price, then such share of Common Stock 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 8(b)(i), the lowest price per share for which one share of Common Stock is issuable upon exercise of such Options or upon conversion or exchange of such Convertible Securities 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 granting or sale of the Option, upon exercise of the Option or upon conversion or exchange of any convertible security issuable upon exercise of such Option. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock or of such convertible securities upon the exercise of such Options or upon the actual issuance of such Common Stock upon conversion or exchange of such convertible securities.

(ii) **Issuance of Convertible Securities**. If the Company in any manner issues or sells any convertible securities which are not Excluded Securities and the lowest price per share for which one share of Common Stock is issuable upon the conversion or exchange thereof is less than the Applicable Price, then such share of Common Stock 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 8(b)(ii), the lowest price per share for which one share of Common Stock is issuable upon such conversion or exchange shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the issuance or sale of the convertible security and upon conversion or exchange of such convertible security. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange 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 Warrant Exercise Price had been or are to be made pursuant to other provisions of this Section 8(b), no further adjustment of the Warrant 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 or exchange of any convertible securities, or the rate at which any convertible securities are convertible into or exchangeable for Common Stock changes at any time, the Warrant Exercise Price in effect at the time of such change shall be adjusted to the Warrant 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 and the number of Warrant Shares issuable upon exercise of this Warrant shall be correspondingly readjusted. For purposes of this Section 8(b)(iii), if the terms of any Option or convertible security that was outstanding as of the Issuance Date of this Warrant 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 pursuant to this Section 8(b) shall be made if such adjustment would result in an increase of the Warrant Exercise Price then in effect.

(iv) **Calculation of Consideration Received**. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefore will be deemed to be the net amount received by the Company therefore. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Company will be the market price of such securities on the date of receipt of such securities. If any Common Stock, Options or convertible securities which are not Excluded 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 therefore will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Options or convertible securities, as the case may be. The fair value of any consideration other than cash or securities will be determined jointly by the Company and the holders of the Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "*Valuation Event*"), the fair value of such consideration will be determined within five (5) Business Days after the tenth (10th) day following the Valuation Event by an independent, reputable appraiser jointly selected by the Company and the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. The determination of such appraiser shall be final and binding upon all parties and the fees and expenses of such appraiser shall be borne jointly by the Company and the holders of Warrants.

(v) **Integrated Transactions**. In case 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 \$.01.

(vi) **Treasury Shares**. The number of shares of Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Company, and the disposition of any shares so owned or held will be considered an issue or sale of Common Stock.

(vii) **Record Date**. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (1) to receive a dividend or other distribution payable in Common Stock, Options or in convertible securities or (2) 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 shares of 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.

(c) **Adjustment of Warrant Exercise Price upon Subdivision or Combination of Common Stock**. If the Company at any time after the date of issuance of this Warrant subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, any Warrant Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately increased. If the Company at any time after the date of issuance of this Warrant combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, any Warrant Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant will be proportionately decreased. Any adjustment under this Section 8(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) **Distribution of Assets**. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a "*Distribution*"), at any time after the issuance of this Warrant, then, in each such case:

(i) any Warrant Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Warrant Exercise Price by a fraction of which (A) the numerator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one share of Common Stock, and (B) the denominator shall be the Closing Sale Price of the Common Stock on the trading day immediately preceding such record date; and

(ii) either (A) the number of Warrant Shares obtainable upon exercise of this Warrant shall be increased to a number of shares equal to the number of shares of Common Stock obtainable immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i), or (B) in the event that the Distribution is of common stock of a company whose common stock is traded on a national securities exchange or a national automated quotation system, then the Holder of this Warrant shall receive an additional warrant to purchase Common Stock, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the amount of the assets that would have been payable to the Holder of this Warrant pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an exercise price equal to the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i).

(e) **Certain Events**. If any event occurs of the type contemplated by the provisions of this Section 8 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 will make an appropriate adjustment in the Warrant Exercise Price and the number of shares of Common Stock obtainable upon exercise of this Warrant so as to protect the rights of the holders of the Warrants; provided, except as set forth in section 8(c), that no such adjustment pursuant to this Section 8(e) will increase the Warrant Exercise Price or decrease the number of shares of Common Stock obtainable as otherwise determined pursuant to this Section 8.

(f) **Voluntary Adjustments 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.

(g) **Adjustment Upon Fundamental Transaction**. If, at any time while this Warrant is outstanding, (A) the Company effects any statutory reorganization, merger or consolidation of the Company with or into another Person where the Company either is or is not the surviving entity, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) 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 (D) 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 exercises of this Warrant, the Holder shall have the right, at its election, to receive, for each Warrant Share that would have been issuable upon such exercise absent 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 exercise, the determination of the Warrant 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 Warrant 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 conversion 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 assume the obligations under this Warrant.

(h) **Adjustment Upon Fundamental Transaction**. In the event that the Holder requires the Company to redeem the Notes pursuant to a Fundamental Change (as set forth in Section 5(g) of the Notes) than the Warrant Exercise Price shall be adjusted (if applicable) in accordance with the terms of Section 5(g) of the Notes.

9. **Purchase Rights; Reorganization, Reclassification, Consolidation, Merger or Sale.**

(a) In addition to any adjustments pursuant to Section 8 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the “*Purchase Rights*”), then the Holder of this Warrant will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company’s assets to another Person or other transaction in each case which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as an “*Organic Change.*” Prior to the consummation of any (i) sale of all or substantially all of the Company’s assets to an acquiring Person or (ii) other Organic Change following which the Company is not a surviving entity, the Company will secure from the Person purchasing such assets or the successor resulting from such Organic Change (in each case, the “*Acquiring Entity*”) a written agreement (in form and substance satisfactory to the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to deliver to each Holder of Warrants in exchange for such Warrants, a security of the Acquiring Entity evidenced by a written instrument substantially similar in form and substance to this Warrant and satisfactory to the holders of the Warrants (including an adjusted warrant exercise price equal to the value for the Common Stock reflected by the terms of such consolidation, merger or sale, and exercisable for a corresponding number of shares of Common Stock acquirable and receivable upon exercise of the Warrants without regard to any limitations on exercise, if the value so reflected is less than any Applicable Warrant Exercise Price immediately prior to such consolidation, merger or sale). Prior to the consummation of any other Organic Change, the Company shall make appropriate provision (in form and substance satisfactory to the holders of Warrants representing a majority of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to insure that each of the holders of the Warrants will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be) the Warrant Shares immediately theretofore issuable and receivable upon the exercise of such holder’s Warrants (without regard to any limitations on exercise), such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of Warrant Shares which would have been issuable and receivable upon the exercise of such holder’s Warrant as of the date of such Organic Change (without taking into account any limitations or restrictions on the exercisability of this Warrant).

10. **Lost, Stolen, Mutilated or Destroyed Warrant.** If this Warrant is lost, stolen, mutilated or destroyed, the Company shall promptly, on receipt of an indemnification undertaking (or, in the case of a mutilated Warrant, the Warrant), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

11. **Notice.** Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of receipt is received by the sending party transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to Holder: Stockbridge Enterprises, L.P.
7377 East Doubletree Ranch Road, Suite 200
Scottsdale, AZ 85258
Attention: Mitch Saltz
Telephone: (602) 885-7854
Facsimile: (602) 907-1613

With Copy to: Jeffrey R. Perry Law Firm, P.C.
7119 E. Shea Blvd., Suite 109-111
Scottsdale, AZ 85254-6107
Attention: Jeffrey Perry, Esq.
Telephone: (480) 368-5441
Facsimile: (866) 288-4877

If to the Company, to: Earth911, Inc.
1375 N. Scottsdale Rd., Suite 140
Scottsdale, AZ 85257
Attention: Chief Executive Officer
Telephone: (480) 337-3025
Facsimile: (480) 348-0422

With a copy to: Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Attention: Robert Kant
Telephone: (602) 445-8301
Facsimile: (602) 445-8100

If to a Holder of this Warrant, to it at the address and facsimile number set forth in this Section 11, or at such other address and facsimile as shall be delivered to the Company upon the issuance or transfer of this Warrant. Each party shall provide five (5) days' prior written notice to the other party of any change in address or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, facsimile, waiver or other communication, or (B) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

12. **Date**. The date of this Warrant is set forth on page 1 hereof. This Warrant, in all events, shall be wholly void and of no effect after the close of business on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 8(b) shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

13. **Amendment and Waiver**. Except as otherwise provided herein, the provisions of the Warrants may be amended by the Company and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding; provided, that except for Section 8(d), no such action may increase the Warrant Exercise Price or decrease the number of shares or class of stock obtainable upon exercise of any Warrant without the written consent of the Holder of such Warrant.

14. **Descriptive Headings; Governing Law**. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The corporate laws of the state of Arizona shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the state of Arizona, without giving effect to any choice of law or conflict of law provision or rule (whether of the state of Arizona or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the state of Arizona. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Maricopa County, Arizona and the United States District Court for the District of Arizona, for the adjudication of any dispute hereunder or in connection herewith or therewith, or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such 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.

15. **Waiver of Jury Trial**. **AS A MATERIAL INDUCEMENT FOR EACH PARTY HERETO TO ENTER INTO THIS WARRANT, THE PARTIES HERETO HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING RELATED IN ANY WAY TO THIS WARRANT AND/OR ANY AND ALL OF THE OTHER DOCUMENTS ASSOCIATED WITH THIS TRANSACTION.**

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF , the Company has caused this Warrant to be signed as of the date first set forth above.

EARTH911, INC.

By: /s/ Barry Monheit

Name: Barry Monheit

Title: CEO

EXHIBIT A TO WARRANT

EXERCISE NOTICE

**TO BE EXECUTED
BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT**

EARTH911, INC.

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock ("*Warrant Shares*") of Earth911 Inc., a Delaware corporation (the "*Company*"), evidenced by the attached Warrant (the "*Warrant*"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

Specify Method of exercise by check mark:

1. Cash Exercise

- (a) Payment of Warrant Exercise Price. The holder shall pay the Aggregate Exercise Price of \$ _____ to the Company in accordance with the terms of the Warrant.
- (b) Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

2. Cashless Exercise

- (a) Payment of Warrant Exercise Price. In lieu of making payment of the Aggregate Exercise Price, the holder elects to receive upon such exercise the Net Number of shares of Common Stock determined in accordance with the terms of the Warrant.
- (b) Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____,

Name of Registered Holder

By: _____
Name: _____
Title: _____

Form of Additional Warrant

EXHIBIT B TO WARRANT

FORM OF WARRANT POWER

FOR VALUE RECEIVED, the undersigned does hereby assign and transfer to _____, Federal Identification No. _____, a warrant to purchase _____ shares of the capital stock of Earth911, Inc., a Delaware corporation, represented by warrant certificate no. _____, standing in the name of the undersigned on the books of said corporation. The undersigned does hereby irrevocably constitute and appoint _____, attorney to transfer the warrants of said corporation, with full power of substitution in the premises.

Dated: _____

By: _____

Name: _____

Title: _____

SECOND ALLONGE TO SENIOR SECURED CONVERTIBLE NOTE

This Second Allonge (the "Second Allonge"), dated as of March 29, 2013, attached to and forming a part of the Senior Secured Convertible Note, dated March 22, 2012 (collectively, the "Note"), made by EARTH911, INC., a Delaware corporation (the "Company"), payable to the order of STOCKBRIDGE ENTERPRISES, L.P., a Nevada limited partnership (the "Holder"), in the principal amount of \$1,000,000 is entered into by the Company and Holder as of the date above. On October 10, 2012, the parties entered into an Allonge (the "Allonge"), which is supplemented by this Second Allonge.

WHEREAS, the Company is in compliance with the Note and the related documents, also dated March 22, 2012, including the Securities Purchase Agreement, Patent Security Agreement, Warrants (Nos.: EARTH911, INC. 1-1 thru 1-4), Security Agreement, Guaranty, and Warrant No.: EARTH911, INC. 1-5, dated October 10, 2012 (collectively, the "Transaction Documents"); and

WHEREAS, on October 17, 2012, the Company closed a merger transaction (the "Merger") with Infinity Resources Holdings Corp. (formerly, YouChange Holdings Corp), a Nevada corporation ("Infinity"), pursuant to an Agreement and Plan of Merger, dated as of May 21, 2012, as amended by that certain Amendment No. 1 to Agreement and Plan of Merger, dated as of August 22, 2012, and that certain Amendment No. 2 to Agreement and Plan of Merger, dated as of August 31, 2012 (collectively, the "Merger Agreement"), and became a wholly owned subsidiary of Infinity; and

WHEREAS, pursuant to the Merger Agreement, upon the closing of the Merger all of the terms of each outstanding option and warrant to purchase shares of Company Common Stock were converted into options and warrants, as the case may be, to acquire shares of Infinity common stock using the same ratio as the exchange of shares of Company capital stock for shares of Infinity common stock, unless otherwise set forth in such options or warrants; and

WHEREAS, the Company and the Holder desire to amend the Note in accordance with the terms set forth in this Second Allonge.

NOW THEREFORE, in consideration of the mutual covenants and for other good and valuable consideration, the parties agree as follows:

1. All references in the Note and the Transaction Documents to Common Stock, Options, Warrants, Warrant Shares, or Convertible Securities of the Company are hereby amended to refer to Common Stock, Options, Warrants, Warrant Shares, or Convertible Securities, respectively, of Infinity.

2. In regards to the conversion right contained in Section 4(a) of the Note, Holder hereby waives the right to convert "...any portion of the outstanding and unpaid Conversion Amount..." By waiving this right to perform a partial conversion, Holder will be limited to converting the entire outstanding balance of the Note at any given point in time. This waiver shall be effective as of October 17, 2012 and remain in effect for twelve months (12) thereafter.

3. All definitions of Triggering Event referenced in the Transaction Documents are hereby amended and restated as: “**Triggering Event**” means the occurrence of a Corporate Event or Fundamental Transaction whereby the Common Stock is listed or quoted for trading on any exchange.

4. All Net Number share calculations in the “Cashless Exercise” formula referenced in the Transaction Documents are hereby amended and restated as:

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{D}$$

For purposes of the foregoing formula:

A = the total number of Warrant Shares with respect to which this Warrant is then being exercised.

B = the Closing Price of the Common Stock plus 10.0% on the date of exercise of the Warrant.

C = the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

D = the Closing Price of the Common Stock on the date of exercise of the Warrant.

5. Paragraph (a) of Section 1, “General Terms,” of the Note is hereby amended and restated in its entirety as follows:

1. **GENERAL TERMS.**

(a) **Payment of Principal.** On the Maturity Date, the Company shall pay to Holder an amount in cash representing all outstanding Principal, accrued and unpaid Interest. The “*Maturity Date*” shall be October 1, 2015, as may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default (as defined below) shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default.

6. Subparagraph (i) of Section 8 of the Allonge is hereby amended by striking the parenthetical “*(not subject to the YCNG merger exchange ratio adjustment)*” and restating subparagraph (i) of Section 8 of the Allonge in its entirety as:

(i) an additional warrant exercisable, at any time or times on or after the date of this Allonge, to purchase 4,000,000 shares of Common Stock of Infinity in the form as set forth in Warrant No.: EARTH911, INC.-1-1.

In connection with the change described above, the preamble of Warrant No.: EARTH911, INC.-1-5 is hereby amended by striking the phrase “ **provided however** , the Warrant Shares are not subject to the YouChange Holdings Corp. merger exchange ratio adjustment” and restating the preamble of Warrant No.: EARTH911, INC.-1-5 in its entirety as follows:

EARTH911, INC. , a Delaware corporation (the “*Company*”), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **STOCKBRIDGE ENTERPRISES, L.P.**, a Nevada limited partnership, the registered holder (the “*Holder*”) hereof or its permitted assigns, is entitled, subject to the terms set forth below, to purchase from Infinity Resources Holdings Corp. (“*Infinity*”) upon surrender of this Warrant, at any time or times on or after the date hereof, but not after 11:59 P.M. Eastern Time on the Expiration Date (as defined herein) 4,000,000 fully paid and nonassessable shares of Common Stock (as defined herein) of Infinity (the “*Warrant Shares*”) at the exercise price per share provided in Section 1(b) below or as subsequently adjusted. This Warrant is issued pursuant to the Securities Purchase Agreement, dated March 22, 2012, by and between the Company and the Holder (the “*Agreement*”) and the Allonge (the “*Allonge*”), dated as of October 10, 2012, and the Second Allonge, dated as of March 29, 2013, attached to and forming a part of the Senior Secured Convertible Note, dated March 22, 2012 (collectively, the “*Note*”), made by the Company payable to the Holder.

7. The Contingent Warrants are hereby amended as follows with Warrant No.: EARTH911, INC.-1-2 exercisable at the conclusion of forty-two (42) months after the issuance date of the warrant, but only in the event that all outstanding principal and accrued interest on the Note is not paid in full at such date, as provided for therein (the “42-Month Warrant”), Warrant No.: EARTH911, INC.-1-3 exercisable at the conclusion of forty-five (45) months after the issuance date of the warrant, but only in the event that all outstanding principal and accrued interest on the Note is not paid in full at such date, as provided for therein (the “45-Month Warrant”), and Warrant No.: EARTH911, INC.-1-4 exercisable at the conclusion of forty-eight (48) months after the issuance date of the warrant, but only in the event that all outstanding principal and accrued interest on the Note is not paid in full at such date, as provided for therein (the “48-Month Warrant”).

8. In all other respects, the Note is confirmed, ratified, and approved and, as amended by the Allonge and this Second Allonge, shall continue in full force and effect.

9. This Second Allonge will be effective upon Infinity’s issuance to the Holder of an additional warrant exercisable, at any time or times on or after the date of this Second Allonge, to purchase 500,000 shares of Common Stock of Infinity at the same price as all other Warrants are exercised and substantially in the form and under the terms as set forth in Warrant No.: EARTH911, INC.-1-5.

10. Holder agrees to exercise all issued Warrants including the additional warrant to purchase 500,000 shares of Common Stock of Infinity described in Item 9 above on a cashless exercise basis prior to April 1, 2013.

IN WITNESS WHEREOF, the Company and Holder have caused this Second Allonge to be executed and delivered by their respective duly authorized officers as of the date and year first above written.

EARTH911, INC.

By: /s/ Barry Monheit
Barry Monheit
Its: Chief Executive Officer

Accepted and agreed to:

STOCKBRIDGE ENTERPRISES, L.P.

By: /s/ Daniel Gross
Daniel Gross
Its: Manager of the General Partner

WARRANT

THE SECURITIES REPRESENTED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

INFINITY RESOURCES HOLDINGS CORP.

Warrant To Purchase Common Stock

Warrant No.: INFINITY-1-6

Number of Shares: 500,000

Warrant Exercise Price: \$0.37

Expiration Date: March 29, 2018

Date of Issuance: March 29, 2013

INFINITY RESOURCES HOLDINGS CORP., a Nevada corporation (the "*Company*" or "*Infinity*"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **STOCKBRIDGE ENTERPRISES, L.P.**, a Nevada limited partnership, the registered holder (the "*Holder*") hereof or its permitted assigns, is entitled, subject to the terms set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof, but not after 11:59 P.M. Eastern Time on the Expiration Date (as defined herein) 500,000 fully paid and nonassessable shares of Common Stock (as defined herein) of the Company (the "*Warrant Shares*") at the exercise price per share provided in Section 1(b) below or as subsequently adjusted. This Warrant is issued pursuant to the Securities Purchase Agreement, dated March 22, 2012, by and between EARTH911, INC. and the Holder (the "*Agreement*"), the Allonge (the "*Allonge*"), dated as of October 10, 2012 and the Second Allonge (the "*Second Allonge*"), dated as of March 29, 2013, attached to and forming a part of the Senior Secured Convertible Note, dated March 22, 2012 (collectively, the "*Note*"), made by EARTH911, INC. payable to the Holder.

WHEREAS, on October 17, 2012, the Company closed a merger transaction (the "*Merger*") with EARTH911, INC., a Nevada corporation ("*EARTH911*"), pursuant to an Agreement and Plan of Merger, dated as of May 21, 2012, as amended by that certain Amendment No. 1 to Agreement and Plan of Merger, dated as of August 22, 2012, and that certain Amendment No. 2 to Agreement and Plan of Merger, dated as of August 31, 2012 (collectively, the "*Merger Agreement*"); and

WHEREAS, pursuant to the Merger Agreement, upon the closing of the Merger all of the terms of each outstanding option and warrant to purchase shares of EARTH911 Common Stock were converted into options and warrants, as the case may be, to acquire shares of Infinity common stock using the same ratio as the exchange of shares of Company capital stock for shares of Infinity common stock, unless otherwise set forth in such options or warrants.

Form of Additional Warrant

Page 1 of 16

1. Definitions.

(a) This Warrant is issued pursuant to the Securities Purchase Agreement (“*Securities Purchase Agreement*”), dated March 22, 2012, between EARTH911 and the Holder, the Allonge, dated as of October 10, 2012 and the Second Allonge dated as of March 29, 2013, attached to and forming a part of the Note, dated March 22, 2012, made by the Company payable to the Holder or issued in exchange or substitution thereafter or replacement thereof. Each Capitalized term used, and not otherwise defined herein, shall have the meaning ascribed thereto in the Securities Purchase Agreement.

(b) The following words and terms as used in this Warrant shall have the following meanings:

“**Approved Stock Plan**” means a stock option plan that has been approved by the Board of Directors of the Company.

“**Business Day**” means any day other than Saturday, Sunday or other day on which commercial banks in the City of Phoenix, Arizona are authorized or required by law to remain closed.

“**Closing Price**” means the price per share in the last reported trade of the Common Stock on the exchange which the Common Stock is then listed or quoted.

“**Common Stock**” means (i) the Company’s common stock, par value \$0.001 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

“**Notes**” means the Senior Secured Convertible Notes issued pursuant to the Securities Purchase Agreement.

“**Excluded Securities**” means, (a) shares issued or deemed to have been issued by the Company pursuant to an Approved Stock Plan, (b) shares of Common Stock issued or deemed to be issued by the Company upon the conversion, exchange or exercise of any right, option, obligation or security outstanding on the date prior to the date of the Securities Purchase Agreement, provided that the terms of such right, option, obligation or security are not amended or otherwise modified on or after the date of the Securities Purchase Agreement, and provided that the conversion price, exchange price, exercise price or other purchase price is not reduced, adjusted or otherwise modified and the number of shares of Common Stock issued or issuable is not increased (whether by operation of, or in accordance with, the relevant governing documents or otherwise) on or after the date of the Securities Purchase Agreement, and (c) the shares of Common Stock issued or deemed to be issued by the Company upon conversion of the Convertible Notes or exercise of the Warrants.

“**Expiration Date**” means March 29, 2018.

“**Issuance Date**” means the date hereof.

“**Options**” means any rights, warrants or options to subscribe for or purchase Common Stock and which are not Excluded Securities.

“**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Warrant**” means this Warrant and all Warrants issued in exchange, transfer or replacement thereof.

“**Warrant Exercise Price**” shall be the lower of (a) \$.37 (the “Fixed Exercise Price”) or (b) the average Closing Price during the ten (10) Trading Days immediately preceding the exercise date, or as subsequently adjusted as provided in Section 8 hereof.

Other Definitional Provisions.

Except as otherwise specified herein, all references herein (i) to the Company shall be deemed to include the Company’s successors and (ii) to any applicable law defined or referred to herein shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

When used in this Warrant, the words “herein,” “hereof,” and “hereunder” and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words “Section,” “Schedule,” and “Exhibit” shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

2. **Exercise of Warrant.**

(a) Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder hereof then registered on the books of the Company, in whole or in part, at any time on any Business Day on or after the opening of business on such Business Day, commencing with the first day after the date hereof, and prior to 11:59 P.M. Eastern Time on the Expiration Date (i) by delivery of a written notice, in the form of the subscription notice attached as Exhibit A hereto (the “*Exercise Notice*”), of such Holder’s election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased, payment to the Company of an amount equal to the Warrant Exercise Price (s) applicable to the Warrant Shares being purchased, multiplied by the number of Warrant Shares (at the applicable Warrant Exercise Price) as to which this Warrant is being exercised (plus any applicable issue or transfer taxes) (the “*Aggregate Exercise Price*”) in cash or wire transfer of immediately available funds and the surrender of this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) to a common carrier for overnight delivery to the Company as soon as practicable following such date (“*Cash Basis*”) or (ii) if at the time of exercise, the Warrant Shares are not subject to an effective registration statement by delivering an Exercise Notice and in lieu of making payment of the Aggregate Exercise Price in cash or wire transfer, elect instead to receive upon such exercise the “Net Number” of shares of Common Stock determined according to the following formula (the “*Cashless Exercise*”):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{D}$$

For purposes of the foregoing formula:

A = the total number of Warrant Shares with respect to which this Warrant is then being exercised.

B = the Closing Price of the Common Stock plus 10.0% on the date of exercise of the Warrant.

C = the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

D = the Closing Price of the Common Stock on the date of exercise of the Warrant.

(b) In the event of any exercise of the rights represented by this Warrant in compliance with this Section 2, the Company shall on or before the fifth (5th) Business Day following the date of receipt of the Exercise Notice, the Aggregate Exercise Price and this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction) and the receipt of the representations of the Holder specified in Section 6 hereof, if requested by the Company (the “*Exercise Delivery Documents*”), and if the Common Stock is The Depository Trust Company (“*DTC*”) eligible, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder’s or its designee’s balance account with DTC; provided, however, if the Holder who submitted the Exercise Notice requested physical delivery of any or all of the Warrant Shares, or, if the Common Stock is not DTC eligible then the Company shall, on or before the fifth (5th) Business Day following receipt of the Exercise Delivery Documents, issue and surrender to a common carrier for overnight delivery to the address specified in the Exercise Notice, a certificate, registered in the name of the Holder, for the number of shares of Common Stock to which the Holder shall be entitled pursuant to such request. Upon delivery of the Exercise Notice and Aggregate Exercise Price referred to in clause (i) or (ii) above the Holder of this Warrant shall be deemed for all corporate purposes to have become the Holder of record of the Warrant Shares with respect to which this Warrant has been exercised. In the case of a dispute as to the determination of the Warrant Exercise Price, the Closing Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via facsimile within one (1) Business Day of receipt of the Holder’s Exercise Notice.

(c) If the Holder and the Company are unable to agree upon the determination of the Warrant Exercise Price or arithmetic calculation of the Warrant Shares within one (1) day of such disputed determination or arithmetic calculation being submitted to the holder, then the Company shall immediately submit via facsimile (i) the disputed determination of the Warrant Exercise Price or the Closing Price to an independent, reputable investment banking firm or (ii) the disputed arithmetic calculation of the Warrant Shares to its independent, outside accountant. The Company shall cause the investment banking firm or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than forty-eight (48) hours from the time it receives the disputed determinations or calculations. Such investment banking firm’s or accountant’s determination or calculation, as the case may be, shall be deemed conclusive absent manifest error.

(d) Unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than five (5) Business Days after any partial exercise and at its own expense, issue a new Warrant identical in all respects to this Warrant exercised except it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant exercised, less the number of Warrant Shares with respect to which such Warrant is exercised.

(e) No fractional Warrant Shares are to be issued upon any pro rata exercise of this Warrant, but rather the number of Warrant Shares issued upon such exercise of this Warrant shall be rounded up or down to the nearest whole number.

(f) If the Company or its Transfer Agent shall fail for any reason or for no reason to issue to the Holder within ten (10) days of receipt of the Exercise Delivery Documents, a certificate for the number of Warrant Shares to which the Holder is entitled or to credit the holder's balance account with DTC for such number of Warrant Shares to which the Holder is entitled upon the holder's exercise of this Warrant, the Company shall, in addition to any other remedies under this Warrant or otherwise available to such holder, pay as additional damages in cash to such Holder on each day the issuance of such certificate for Warrant Shares is not timely effected an amount equal to 0.025% of the product of (a) the sum of the number of Warrant Shares not issued to the Holder on a timely basis and to which the Holder is entitled, and (b) the Closing Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Common Stock to the Holder without violating this Section 2.

(g) If within ten (10) days after the Company's receipt of the Exercise Delivery Documents, the Company fails to deliver a new Warrant to the Holder for the number of Warrant Shares to which such Holder is entitled pursuant to Section 2 hereof, then, in addition to any other available remedies under this Warrant, or otherwise available to such holder, the Company shall pay as additional damages in cash to such Holder on each day after such tenth (10th) day that such delivery of such new Warrant is not timely effected in an amount equal to 0.25% of the product of (A) the number of Warrant Shares represented by the portion of this Warrant which is not being exercised and (B) the Closing Price of the Common Stock for the trading day immediately preceding the last possible date which the Company could have issued such Warrant to the Holder without violating this Section 2.

3. **Covenants as to Common Stock**. The Company hereby covenants and agrees as follows:

(a) This Warrant is, and any Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(b) All Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

(c) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least one hundred percent (100%) of the number of shares of Common Stock needed to provide for the exercise of the rights then represented by this Warrant and the par value of said shares will at all times be less than or equal to the applicable Warrant Exercise Price. If at any time the Company does not have a sufficient number of shares of Common Stock authorized and available then, the Company shall call and hold a special meeting of the stockholders, within thirty (30) days of that time to increase the number of authorized shares of Common Stock.

(d) If at any time after the date hereof the Company shall file a registration statement, the Company shall include the Warrant Shares issuable to the Holder, pursuant to the terms of this Warrant and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Warrant Shares from time to time issuable upon the exercise of this Warrant; and the Company shall so list on each national securities exchange or automated quotation system, as the case may be, and shall maintain such listing of, any other shares of capital stock of the Company issuable upon the exercise of this Warrant if and so long as any shares of the same class shall be listed on such national securities exchange or automated quotation system. Notwithstanding the foregoing, if Holder can rely on Rule 144 to sell the Warrant Shares Holder it is issued as a result of any Cashless Exercise hereunder without complying with the manner of sale provisions of Rule 144, the Company shall have no obligation to register such Warrant Shares.

(e) The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder of this Warrant in order to protect the exercise privilege of the Holder of this Warrant against dilution or other impairment, consistent with the tenor and purpose of this Warrant. The Company will not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Warrant Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(f) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets.

4. **Taxes.** The Company shall pay any and all taxes, except any applicable withholding, which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

5. **Warrant Holder Not Deemed a Stockholder.** Except as otherwise specifically provided herein, no holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the Holder of shares of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of this Warrant of the Warrant Shares which he or she is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on such Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 5, the Company will provide the Holder of this Warrant with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

6. **Representations of Holder.** The Holder of this Warrant, by the acceptance hereof, represents that it is acquiring this Warrant and the Warrant Shares for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, the Holder does not agree to hold this Warrant or any of the Warrant Shares for any minimum or other specific term and reserves the right to dispose of this Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. The Holder of this Warrant further represents, by acceptance hereof, that, as of this date, such Holder is an "accredited investor" as such term is defined in Rule 501(a)(1) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an "*Accredited Investor*"). Upon exercise of this Warrant the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the Warrant Shares so purchased are being acquired solely for the holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale and that such Holder is an Accredited Investor. If such Holder cannot make such representations because they would be factually incorrect, it shall be a condition to such holder's exercise of this Warrant that the Company receive such other representations as the Company considers reasonably necessary to assure the Company that the issuance of its securities upon exercise of this Warrant shall not violate any United States or state securities laws.

7. **Ownership and Transfer**. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the person in whose name any Warrant is registered on the register as the owner and Holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

8. **Adjustment of Warrant Exercise Price and Number of Shares**. The Warrant Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted from time to time as follows:

(a) **Adjustment of Warrant Exercise Price and Number of Shares upon Issuance of Common Stock**. If and whenever on or after the Issuance Date of this Warrant, the Company issues or sells, or is deemed to have issued or sold, any shares of Common Stock (other than Excluded Securities) for a consideration per share less than a price (the “*Applicable Price*”) equal to the Warrant Exercise Price in effect immediately prior to such issuance or sale (the foregoing a “*Dilutive Issuance*”), then immediately after such Dilutive Issuance the Warrant Exercise Price then in effect shall be reduced to an amount equal to the product of (X) the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and (Y) the quotient determined by dividing (1) the sum of (i) the product derived by multiplying the Warrant Exercise Price in effect immediately prior to such Dilutive Issuance and the number of shares of Common Stock deemed outstanding immediately prior to such Dilutive Issuance plus (ii) the consideration, if any, received by the Company upon such Dilutive Issuance, by (2) the product derived by multiplying (i) the Warrant Exercise Price in effect immediately prior to such Dilutive issuance by (ii) the number of shares of Common Stock deemed outstanding immediately after such Dilutive Issuance.

(b) **Effect on Warrant Exercise Price of Certain Events**. For purposes of determining the adjusted Warrant Exercise Price under Section 8(a) above, the following shall be applicable:

(i) **Issuance of Options**. If after the date hereof, the Company in any manner grants any Options 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 of any convertible securities issuable upon exercise of any such Option is less than the Applicable Price, then such share of Common Stock 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 8(b)(i), the lowest price per share for which one share of Common Stock is issuable upon exercise of such Options or upon conversion or exchange of such Convertible Securities 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 granting or sale of the Option, upon exercise of the Option or upon conversion or exchange of any convertible security issuable upon exercise of such Option. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock or of such convertible securities upon the exercise of such Options or upon the actual issuance of such Common Stock upon conversion or exchange of such convertible securities.

(ii) **Issuance of Convertible Securities**. If the Company in any manner issues or sells any convertible securities which are not Excluded Securities and the lowest price per share for which one share of Common Stock is issuable upon the conversion or exchange thereof is less than the Applicable Price, then such share of Common Stock 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 8(b)(ii), the lowest price per share for which one share of Common Stock is issuable upon such conversion or exchange shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the issuance or sale of the convertible security and upon conversion or exchange of such convertible security. No further adjustment of the Warrant Exercise Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange 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 Warrant Exercise Price had been or are to be made pursuant to other provisions of this Section 8(b), no further adjustment of the Warrant 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 or exchange of any convertible securities, or the rate at which any convertible securities are convertible into or exchangeable for Common Stock changes at any time, the Warrant Exercise Price in effect at the time of such change shall be adjusted to the Warrant 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 and the number of Warrant Shares issuable upon exercise of this Warrant shall be correspondingly readjusted. For purposes of this Section 8(b)(iii), if the terms of any Option or convertible security that was outstanding as of the Issuance Date of this Warrant 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 pursuant to this Section 8(b) shall be made if such adjustment would result in an increase of the Warrant Exercise Price then in effect.

(iv) **Calculation of Consideration Received**. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefore will be deemed to be the net amount received by the Company therefore. If any Common Stock, Options or convertible securities which are not Excluded Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Company will be the market price of such securities on the date of receipt of such securities. If any Common Stock, Options or convertible securities which are not Excluded 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 therefore will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Options or convertible securities, as the case may be. The fair value of any consideration other than cash or securities will be determined jointly by the Company and the holders of the Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "*Valuation Event*"), the fair value of such consideration will be determined within five (5) Business Days after the tenth (10th) day following the Valuation Event by an independent, reputable appraiser jointly selected by the Company and the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding. The determination of such appraiser shall be final and binding upon all parties and the fees and expenses of such appraiser shall be borne jointly by the Company and the holders of Warrants.

(v) **Integrated Transactions**. In case 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 \$.01.

(vi) **Treasury Shares**. The number of shares of Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Company, and the disposition of any shares so owned or held will be considered an issue or sale of Common Stock.

(vii) **Record Date**. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (1) to receive a dividend or other distribution payable in Common Stock, Options or in convertible securities or (2) 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 shares of 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.

(c) **Adjustment of Warrant Exercise Price upon Subdivision or Combination of Common Stock**. If the Company at any time after the date of issuance of this Warrant subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, any Warrant Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant will be proportionately increased. If the Company at any time after the date of issuance of this Warrant combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, any Warrant Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant will be proportionately decreased. Any adjustment under this Section 8(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) **Distribution of Assets**. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a "*Distribution*"), at any time after the issuance of this Warrant, then, in each such case:

(i) any Warrant Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Warrant Exercise Price by a fraction of which (A) the numerator shall be the Closing Price of the Common Stock on the trading day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one share of Common Stock, and (B) the denominator shall be the Closing Price of the Common Stock on the trading day immediately preceding such record date; and

(ii) either (A) the number of Warrant Shares obtainable upon exercise of this Warrant shall be increased to a number of shares equal to the number of shares of Common Stock obtainable immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i), or (B) in the event that the Distribution is of common stock of a company whose common stock is traded on a national securities exchange or a national automated quotation system, then the Holder of this Warrant shall receive an additional warrant to purchase Common Stock, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the amount of the assets that would have been payable to the Holder of this Warrant pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an exercise price equal to the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i).

(e) **Certain Events**. If any event occurs of the type contemplated by the provisions of this Section 8 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 will make an appropriate adjustment in the Warrant Exercise Price and the number of shares of Common Stock obtainable upon exercise of this Warrant so as to protect the rights of the holders of the Warrants; provided, except as set forth in section 8(c), that no such adjustment pursuant to this Section 8(e) will increase the Warrant Exercise Price or decrease the number of shares of Common Stock obtainable as otherwise determined pursuant to this Section 8.

(f) **Voluntary Adjustments 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.

(g) **Adjustment Upon Fundamental Transaction**. If, at any time while this Warrant is outstanding, (A) the Company effects any statutory reorganization, merger or consolidation of the Company with or into another Person where the Company either is or is not the surviving entity, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) 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 (D) 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 exercises of this Warrant, the Holder shall have the right, at its election, to receive, for each Warrant Share that would have been issuable upon such exercise absent 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 exercise, the determination of the Warrant 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 Warrant 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 conversion 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 assume the obligations under this Warrant.

(h) **Adjustment Upon Fundamental Transaction.** In the event that the Holder requires the Company to redeem the Notes pursuant to a Fundamental Change (as set forth in Section 5(g) of the Notes) than the Warrant Exercise Price shall be adjusted (if applicable) in accordance with the terms of Section 5(f) of the Notes.

9. **Purchase Rights; Reorganization, Reclassification, Consolidation, Merger or Sale.**

(a) In addition to any adjustments pursuant to Section 8 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "*Purchase Rights*"), then the Holder of this Warrant will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company's assets to another Person or other transaction in each case which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as an "*Organic Change.*" Prior to the consummation of any (i) sale of all or substantially all of the Company's assets to an acquiring Person or (ii) other Organic Change following which the Company is not a surviving entity, the Company will secure from the Person purchasing such assets or the successor resulting from such Organic Change (in each case, the "*Acquiring Entity*") a written agreement (in form and substance satisfactory to the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to deliver to each Holder of Warrants in exchange for such Warrants, a security of the Acquiring Entity evidenced by a written instrument substantially similar in form and substance to this Warrant and satisfactory to the holders of the Warrants (including an adjusted warrant exercise price equal to the value for the Common Stock reflected by the terms of such consolidation, merger or sale, and exercisable for a corresponding number of shares of Common Stock acquirable and receivable upon exercise of the Warrants without regard to any limitations on exercise, if the value so reflected is less than any Applicable Warrant Exercise Price immediately prior to such consolidation, merger or sale). Prior to the consummation of any other Organic Change, the Company shall make appropriate provision (in form and substance satisfactory to the holders of Warrants representing a majority of the Warrant Shares issuable upon exercise of the Warrants then outstanding) to insure that each of the holders of the Warrants will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be) the Warrant Shares immediately theretofore issuable and receivable upon the exercise of such holder's Warrants (without regard to any limitations on exercise), such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of Warrant Shares which would have been issuable and receivable upon the exercise of such holder's Warrant as of the date of such Organic Change (without taking into account any limitations or restrictions on the exercisability of this Warrant).

10. **Lost, Stolen, Mutilated or Destroyed Warrant.** If this Warrant is lost, stolen, mutilated or destroyed, the Company shall promptly, on receipt of an indemnification undertaking (or, in the case of a mutilated Warrant, the Warrant), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

11. **Notice.** Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of receipt is received by the sending party transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to Holder: Stockbridge Enterprises, L.P.
7377 East Doubletree Ranch Road, Suite 200
Scottsdale, AZ 85258
Attention: Mitch Saltz
Telephone: (602) 885-7854
Facsimile: (602) 907-1613

With Copy to: Jeffrey R. Perry Law Firm, P.C.
7119 E. Shea Blvd., Suite 109-111
Scottsdale, AZ 85254-6107
Attention: Jeffrey Perry, Esq.
Telephone: (480) 368-5441
Facsimile: (866) 288-4877

If to the Company, to: Infinity Resources Holdings Corp.
1375 N. Scottsdale Rd., Suite 140
Scottsdale, AZ 85257
Attention: Chief Executive Officer
Telephone: (480) 337-3025
Facsimile: (480) 348-0422

With a copy to: Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Attention: Robert Kant
Telephone: (602) 445-8301
Facsimile: (602) 445-8100

If to a Holder of this Warrant, to it at the address and facsimile number set forth in this Section 11, or at such other address and facsimile as shall be delivered to the Company upon the issuance or transfer of this Warrant. Each party shall provide five (5) days' prior written notice to the other party of any change in address or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, facsimile, waiver or other communication, or (B) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

12. **Date.** The date of this Warrant is set forth on page 1 hereof. This Warrant, in all events, shall be wholly void and of no effect after the close of business on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 8(b) shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

Form of Additional Warrant

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13. **Amendment and Waiver**. Except as otherwise provided herein, the provisions of the Warrants may be amended by the Company and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of Warrants representing at least two-thirds of the Warrant Shares issuable upon exercise of the Warrants then outstanding; provided, that except for Section 8(d), no such action may increase the Warrant Exercise Price or decrease the number of shares or class of stock obtainable upon exercise of any Warrant without the written consent of the Holder of such Warrant.

14. **Descriptive Headings; Governing Law**. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The corporate laws of the state of Arizona shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the state of Arizona, without giving effect to any choice of law or conflict of law provision or rule (whether of the state of Arizona or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the state of Arizona. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Maricopa County, Arizona and the United States District Court for the District of Arizona, for the adjudication of any dispute hereunder or in connection herewith or therewith, or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such 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.

15. **Waiver of Jury Trial**. **AS A MATERIAL INDUCEMENT FOR EACH PARTY HERETO TO ENTER INTO THIS WARRANT, THE PARTIES HERETO HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING RELATED IN ANY WAY TO THIS WARRANT AND/OR ANY AND ALL OF THE OTHER DOCUMENTS ASSOCIATED WITH THIS TRANSACTION.**

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF , the Company has caused this Warrant to be signed as of the date first set forth above.

INFINITY RESOURCES HOLDINGS CORP.

By: /s/ Barry Monheit
Name: Barry Monheit
Title: President and CEO

EXHIBIT A TO WARRANT

EXERCISE NOTICE

**TO BE EXECUTED
BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT**

INFINITY RESOURCES HOLDINGS CORP.

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock (“*Warrant Shares*”) of Infinity Resources Holdings Corp., a Nevada corporation (the “*Company*”), evidenced by the attached Warrant (the “*Warrant*”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

Specify Method of exercise by check mark:

1. Cash Exercise

- (a) Payment of Warrant Exercise Price. The holder shall pay the Aggregate Exercise Price of \$ _____ to the Company in accordance with the terms of the Warrant.
- (b) Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

2. Cashless Exercise

- (a) Payment of Warrant Exercise Price. In lieu of making payment of the Aggregate Exercise Price, the holder elects to receive upon such exercise the Net Number of shares of Common Stock determined in accordance with the terms of the Warrant.
- (b) Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____ ,

Name of Registered Holder

By: _____

Name: _____

Title: _____

Form of Additional Warrant

EXHIBIT B TO WARRANT

FORM OF WARRANT POWER

FOR VALUE RECEIVED, the undersigned does hereby assign and transfer to _____, Federal Identification No. _____, a warrant to purchase _____ shares of the capital stock of Infinity Resources Holdings Corp., a Nevada corporation, represented by warrant certificate no. _____, standing in the name of the undersigned on the books of said corporation. The undersigned does hereby irrevocably constitute and appoint _____, attorney to transfer the warrants of said corporation, with full power of substitution in the premises.

Dated: _____

By: _____
Name: _____
Title: _____