

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

**VASO Corp**

**Form: 8-K**

**Date Filed: 2010-06-25**

Corporate Issuer CIK: 839087

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

FORM 8-K

CURRENT REPORT

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

Date of Report: June 21, 2010  
(Date of earliest event reported)

**VASOMEDICAL, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

0-18105  
(Commission File  
Number)

11-2871434  
(IRS Employer  
Identification No.)

180 Linden Avenue, Westbury, New York  
(Address of principal executive offices)

11590  
(Zip Code)

Registrant's telephone number, including area code: (516) 997-4600

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(Former name or former address, if changed since last report)

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 to communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 3.02****Unregistered Sales of Equity Securities**

On June 21, 2010, the Company executed stock purchase agreements providing for the issuance of 281,250 shares of its Series E Preferred for cash commitments aggregating \$4,500,000. The shares are being issued to accredited investors in connection with a private offering of the Company's securities in reliance upon an exemption provided under Section 4(2) of the Securities Act of 1933, as amended.

Substantially all of the proceeds from the sale of the Series E Preferred are being utilized to fund the operations of the Company's subsidiary, Vaso Diagnostics, Inc. as described in the Company's Report on Form 8-K dated May 19, 2010.

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year**

On June 24, 2010, the Company filed a Certificate of Designations of Preferences and Rights of Series E Convertible Preferred Stock ("Certificate of Designations"), as authorized by the Board of Directors, designating 350,000 shares of its 1,000,000 shares of preferred stock as Series E Convertible Preferred Stock ("Series E Preferred"). The following is a summary of the powers, designations, preferences and other rights of the Series E Preferred as set forth in more specificity in the Certificate of Designations filed as an exhibit hereto.

(i) Face Amount. The face amount per share of the Series E Preferred Stock is \$16.00.

(ii) Dividends. Cumulative dividends will accrue at a rate of 5% per annum, payable semi-annually in additional shares of the Series E Preferred. Dividends on the Series E Preferred will be paid in preference to any dividends paid to the holders of the Company's Common Stock or any other series of the Company's preferred stock made junior to the Series E Preferred.

(iii) Liquidation Preference. On any liquidation, dissolution or winding-up of the Corporation, the holders of the Series E Preferred will receive payment of twice the aggregate face amount thereof, plus all accrued and unpaid dividends, before any payments or distributions are paid or provided for the Company's Common Stock or any other series of the Company's preferred stock made junior to the Series E Preferred. In the event of a sale of all or substantially all the Company's stock or assets, the holders of the Series E Preferred will receive payment of 1.2 times the aggregate face amount thereof, plus all accrued and unpaid dividends, before any payments or distributions are paid or provided for the Company's Common Stock or any other series of the Company's preferred stock made junior to the Series E Preferred.

(iv) Conversion Rights. Each share of the Series E Preferred will be convertible at any time or from time to time at the holder's option commencing six months from the issuance date into 100 shares of Common Stock (an exercise price of \$.16 per share of Common Stock, the "Conversion Price"), subject to anti-dilution adjustment as set forth below. Commencing at any time one year from the issuance date, one-half 50% of the Series E Preferred will be automatically converted into 100 shares of Common Stock for each share of Series E Preferred if the closing market price of the Common Stock is 3 times the Conversion Price for 30 consecutive trading days and the average daily trading volume during those 30 days is 250,000 shares or greater. Notwithstanding the foregoing, the Series E Preferred shall be automatically converted into Common Stock on June 1, 2015.

(v) Voting Rights. Investors in the Series E Preferred will have voting rights in the ratio of 100 votes for each share of Series E Preferred and shall vote together with the Common Stock as a single class.

(vi) Anti-Dilution Adjustments. The 100-to-1 conversion ratio of the Series E Preferred will be subject to proportional adjustment for stock dividends, stock splits and other similar changes in capitalization. If the Company issues or sells shares of its capital stock for consideration of a price of less than the lesser of its then current market price or the applicable Conversion Price, the Conversion Price shall be adjusted to be such lower price at which the Company issued or sold shares of its capital stock; provided, however, that the Company shall have the right to issue shares and options under its option plans.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

3.1 Certificate of Designations of Preferences and Rights of Series E Convertible Preferred Stock.

10. Form of Stock Purchase Agreement.

**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: June 24, 2010

**VASOMEDICAL, INC.**

By: /s/ Jun Ma

Jun Ma

President and Chief Executive Officer



**CERTIFICATE OF DESIGNATIONS OF PREFERENCES AND RIGHTS OF  
SERIES E CONVERTIBLE PREFERRED STOCK**

of

**VASOMEDICAL, INC.**  
(a Delaware corporation)

The undersigned, JUN MA and TARACHAND SINGH, certify that:

1. They are the duly acting Chief Executive Officer and Chief Financial Officer, respectively, of Vasomedical, Inc., a corporation organized and existing under the Corporation Code of the State of Delaware (the "**Corporation**").

2. Pursuant to authority conferred upon the Board of Directors by the Certificate of Incorporation of the Corporation, and pursuant to the provisions of the Corporations Code of the State of Delaware said Board of Directors, pursuant to a meeting held June 17, 2010, adopted a resolution establishing the rights, preferences, privileges and restrictions of, and the number of shares comprising, the Corporation's Series E Convertible Preferred Stock, which resolution is as follows:

RESOLVED, that a series of Preferred Stock in the Corporation, having the rights, preferences, privileges and restrictions, and the number of shares constituting such series and the designation of such series, set forth below be, and it hereby is, authorized by the Board of Directors of the Corporation pursuant to authority given by the Corporation's Certificate of Incorporation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby fixes and determines the Determinations of, the number of shares constituting, and the rights, preferences, privileges and restrictions relating to, a new series of Preferred Stock as follows:

A . Determination. The series of Preferred Stock is hereby designated Series E Convertible Preferred Stock (the "**Series E Preferred Stock**").

B . Authorized Shares. The number of authorized shares constituting the Series E Preferred Stock shall be THREE HUNDRED FIFTY THOUSAND (350,000) shares of such series.

C. Dividends.

(a) The holders of the Series E Preferred Stock shall be entitled to receive dividends, which shall begin to accrue on and be cumulative from the date of issuance ("Issuance Date") of the Series E Preferred Stock (whether or not such dividends have been declared and whether or not there shall be net profits or net assets of the Company legally available for the payment of such dividends) in an annual amount equal to the issue price of such Series E Preferred Stock plus any accrued but unpaid dividends (the "**Liquidation Preference**") times five percent (5%). The Dividend Amount shall be payable semi-annually on January 1 and July 1 of each year (the "**Dividend Payment Dates**") commencing January 1, 2011, in kind by issuance by the Company of additional shares of Series E Preferred Stock (the "**PIK Shares**"). Each holder of Series E Preferred Stock shall be deemed to be the holder of record of such holder's pro rata share of the PIK Shares issuable with respect to the relevant Dividend Amount notwithstanding that the stock transfer books of the Company shall then be closed or that certificates evidencing such PIK Shares shall not have been actually delivered to such holder of Series E Preferred Stock. Each such PIK Share (i) shall be valued at the then applicable Liquidation Preference per share and (ii) shall have the same Liquidation Preference as each share of Series E Preferred Stock with respect to which the PIK Share constituted a dividend. No dividends shall be paid on any Common Stock of the Company or any capital stock of the Company that ranks junior to or on parity with the Series E Preferred Stock during any fiscal year of the Company until dividends in the aggregate Dividend Amount per share (as adjusted for any stock dividends, combinations or splits with respect to such shares) of Series E Preferred Stock for the current and each prior Dividend Payment Date shall have been paid or declared and set apart for payment to the Series E Preferred Stock holders.

(b) The amount of dividends payable for any period shorter than a full year shall be determined on the basis of twelve 30-day months and a 360-day year. Dividends paid on the shares of Series E Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

D. Liquidation.

(a) Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the shares of Series E Preferred Stock shall be entitled, before any distributions shall be made to the holders of the Common Stock, or any other class of capital stock of the Company ranking junior to the Series E Preferred Stock, to be paid an amount (the "**Series E Liquidation Amount**") equal to greater of (i) twice the Liquidation Preference per share (appropriately adjusted to reflect the occurrence of any stock split, stock dividend, stock combination, stock subdivision or like occurrences) or (ii) the aggregate pro rata liquidating distribution per share payable to holders of Series E Preferred Stock on an as-converted basis. Written notice of such liquidation, dissolution or winding up, stating a payment date, the Series A Liquidation Amount and the place where said sums shall be payable shall be given by mail, postage prepaid, not less than 30 or more than 60 days prior to the payment date stated therein, to the holders of record of the Series E Preferred Stock, such notice to be addressed to each shareholder at his post office address as shown by the records of the Company.

(b) Any Acquisition or Asset Transfer may be regarded as a liquidation, dissolution or winding up of the Company for purposes of this Section D upon the election of the holders of at least a majority of the outstanding shares of Series E Preferred Stock (voting together as a single class). The Company will not enter into any transaction which provides for an Acquisition Asset Transfer without providing for the ability of the holders of the Series E Preferred Stock upon the affirmative vote of a majority as described in the preceding sentence) to receive consideration in connection with such transaction in an amount not less than the amount they would have received had the consideration payable by any third party in connection with such transaction been paid to the Company, which then completed a liquidation in accordance with this Section D (provided that for the purpose of calculating the pro forma Series E Liquidation Amount for purposes of such deemed liquidation, the word "twice" set forth in the preceding paragraph concerning the calculation of the Series E Liquidation Amount shall be deemed to be replaced with the words "one and one-fifth times"). Nothing in this Section D shall be construed to prevent the holders of the Series E Preferred Stock, in lieu of any other rights described in this paragraph, from exercising their Conversion Rights at any time up to or simultaneous with any Acquisition or Asset Transfer.



E. Conversion.

The shares of Series E Preferred Stock shall be (A) subject to the following conversion terms and (B) the holders of the Series E Preferred Stock shall have the right to convert their shares of Series E Preferred Stock into shares of Common Stock as follows (the "Conversion Rights"):

(a) Right to Convert. Each Share of Series E Preferred Stock is convertible, without the payment of any additional consideration by the holder thereof, at any time, and from time to time, on or after January 1, 2011, at the option of the holder of such shares into the number of fully paid non-assessable shares of Common Stock equal to the quotient obtained by dividing (i) the product of the number of shares of Series E Preferred Stock being converted multiplied by \$16.00, by (ii) the then current Conversion Price (the "**Applicable Conversion Ratio**"). The initial "**Conversion Price**" shall be \$.16. The Conversion Price is subject to further adjustment pursuant to the anti-dilution provisions described in Section E below.

(b) Automatic Conversion. Each share of outstanding Series E Preferred Stock shall automatically be converted into shares of Common Stock on or after July 1, 2011, at the then effective Applicable Conversion Ratio, if, at any time following the Issuance Date, the price of the Common Stock for any 30 consecutive trading days equals or exceeds three times the Conversion Price and the average daily trading volume for the Company's Common Stock for the 30 consecutive trading days exceeds 250,000 shares. Notwithstanding the foregoing, the Series E Preferred Stock shall be automatically converted into Common Stock at the then effective Applicable Conversion Ratio on June 1, 2015.

(c) Mechanics of Conversion. No fractional shares of Common Stock shall be issued upon conversion of the Series E Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash for any fractional share. Except in the case of a conversion pursuant to Section (b) hereof, before any holder of Series E Preferred Stock may convert the same into shares of Common Stock, each holder shall surrender the certificate or certificates therefor, duly endorsed for transfer, at the principal office of the Company or of any transfer agent for the Series E Preferred Stock, and shall give written notice to the Company at such office that such holder elects to convert the same. On the date of a conversion pursuant to this section, any party entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of all such shares of Common Stock on such date, whether or not such holder has surrendered the certificate or certificates for such holder's shares of Series E Preferred Stock. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series E Preferred Stock, a certificate or certificates for the number of shares of Common Stock to which it or he shall be entitled as aforesaid, together with cash in lieu of any fraction of a share. Except in the case of a conversion pursuant to Section E, such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series E Preferred Stock to be converted. The then holders of record of Series E Preferred Stock shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date.

(d) Adjustment for Stock Splits and Combinations. If the Company, at any time or from time to time after the Issuance Date and prior to the automatic conversion of the Series E Preferred Stock pursuant to Section (b) hereof, effects a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series E Preferred Stock, the Applicable Conversion Ratio in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Issuance Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series E Preferred Stock, the Applicable Conversion Ratio in effect immediately before the effective date of the combination shall be proportionately increased. Any adjustment in the Applicable Conversion Ratio under this Section (d) shall become effective at the close of business on the date the subdivision or combination becomes effective.

( e ) Adjustment for Common Stock Dividends and Distributions. If the Company at any time or from time to time after the Issuance Date and prior to the automatic conversion of the Series E Preferred Stock pursuant to Section (b) hereof makes, or fixes a record date for, determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock, in each such event, the Applicable Conversion Ratio then in effect shall be decreased as of the effective date of the issuance of such additional shares of Common Stock, or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Applicable Conversion Ratio then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or, the close of business on such record date as the case may be, and (ii) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, plus the number of shares of Common Stock issuable in payment of such dividend or distribution; *provided, however*, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Applicable Conversion Ratio shall be recomputed accordingly as of the close of business on such record date and thereafter the Applicable Conversion Ratio shall be adjusted pursuant to this Section (e) to reflect the actual payment of such dividend or distribution.

( f ) Adjustment for Reclassification, Exchange and Substitution. If at any time or from time to time after the Issuance Date and prior to the automatic conversion of the Series E Preferred Stock pursuant to Section (b) hereof, the Common Stock issuable upon the conversion of the Series E Preferred Stock is changed into the same or a different number of shares of any class or classes of stock of the Company, whether by recapitalization, reclassification or otherwise (other than an Acquisition or Asset Transfer (as defined in sub-section (j) below) or a subdivision or combination of shares or stock dividend or a corporate reorganization, merger or consolidation provided for elsewhere in this Section E, in any such event each holder of any shares of Series E Preferred Stock then outstanding shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and/or property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of Series E Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

( g ) Reorganizations, Mergers, Consolidations or Sales of Assets. If at any time or from time to time after the Issuance Date and prior to the automatic conversion of the Series E Preferred Stock pursuant to Section (b) hereof, there is a capital reorganization of the Common Stock other than (i) an Acquisition or Asset Transfer (as defined in Section (j) below), or (ii) a recapitalization, subdivision, combination, reclassification, exchange or substitution of shares provided for elsewhere in this Section E (each such transaction described in the foregoing clauses (i) and (ii), a "Reorganization Transaction") as a part of such Reorganization Transaction, provision shall be made so that the holders of the Series E Preferred Stock shall thereafter be entitled to receive upon conversion of the Series E Preferred Stock the number of shares of stock or other securities or property of which they would be entitled to receive had they converted their shares of Series E Preferred Stock into shares of Common Stock on the date of (A) the first day immediately prior to the effective date of such Reorganization Transaction or (B) the record date for such Reorganization Transaction, whichever is applicable to the Reorganization Transaction. In any such case, all adjustments that otherwise would have been required to be made in the Applicable Conversion Ratio and the number of shares of Common Stock that the holders of Series E Preferred Stock are entitled to receive upon conversion of the Series E Preferred Stock pursuant to this Section E on or prior to such date shall be made prior to calculating the amount or number of securities and/or property receivable by such holders in connection with such Reorganization Transaction.

( h ) Sale of Shares At Price Below The Initial Conversion Price. If at any time or from time to time, subsequent to the Issuance Date, the Company issues or sells, shares of its capital stock for consideration of a price of less than the lesser of (i) the conversion price; or (ii) its then current market price, the Conversion Price shall be adjusted to be such lower price at which the Company issued or sold shares of its capital stock.

For purposes of this Section (h), sales or issuances of capital stock by the Company shall not include Excluded Stock or stock dividends, stock splits or reclassifications.

(i) Certificate of Adjustment. In each case of an adjustment or readjustment of the Applicable Conversion Ratio and the number of shares of Common Stock or other securities thus issuable upon conversion of the Series E Preferred Stock, if the Series E Preferred Stock is then convertible pursuant to this Section E, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series E Preferred Stock at the holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based.

(j) Certain Definitions.

(i) **"Acquisition"** shall mean any transaction or series of related transactions to which the Corporation is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred. "Asset Transfer" shall mean a sale, lease or other disposition of all or substantially all of the assets of the Company.

( i i ) **"Excluded Stock"** means (A) the Series E Preferred Stock; (B) any Common Stock issued or to be issued (x) pursuant to the conversion of the Series E Preferred Stock (y) pursuant to the exercise of any stock options or warrants currently outstanding or options or warrants issued after the date hereof having an exercise price equal to or greater than the lesser of the Conversion Price or the Current Market Price, or (z) except as otherwise provided herein, upon the actual issue of Common Stock or securities convertible into Common Stock at the time of exercise of any rights, options or warrants to purchase Common Stock or any securities convertible into Common Stock, as appropriate, or upon conversion or exchange of securities convertible into Common Stock; and (C) in addition to (A) and (B) hereof, Common Stock or securities convertible into Common Stock under any Company stock plans or for services performed or to be performed by the Company.

F. Voting Rights

( a ) Number of Votes. Except as otherwise required by law, the holders of Series E Preferred Stock and the holders of the Common Stock shall be entitled to notice of any stockholders' meeting and to vote any matter submitted to a stockholder vote, as a single class on the following basis:

(i) Each share of Common Stock issued and outstanding shall have one vote per share; and

(ii) Each share of Series E Preferred Stock issued and outstanding shall have 100 votes per share.

( b ) Voting As a Class. Each share of Series E Preferred Stock issued and outstanding shall also be entitled to one vote on all matters as to which holders of Series E Preferred Stock are required to vote as a separate class pursuant to the Delaware Business Corporation Law, and the holders of a majority of the Series E Preferred Stock entitled to vote shall bind the entire class of Series E Preferred Stock.

( c ) Notices. The Company shall give the holders of the Series E Preferred Stock the same prior notice as given to holders of Common Stock according to the By-laws of the Company of any matter to be submitted to such holders for a vote.

G. Principal Office; Notices

The address of the principal office of the Company is located at 150 Linden Avenue, Westbury, New York 11590. Any notice or certificate required by the Certificate of Incorporation of the Company, as amended, or this Certificate of Designations to be delivered to any holder of Series E Preferred Stock shall be deemed given when personally delivered to such holder or upon deposit in the United States Mail, certified mail, return receipt requested and addressed to such holder at his or its address appearing on the books of the Company.

H. Cancellation of Series E Preferred Stock

In the event any shares of Series E Preferred Stock shall be converted, liquidated or redeemed, the shares so converted, liquidated or redeemed shall be canceled, shall return to the status of authorized, but unissued preferred stock of no designated series, and shall not be issuable by the Company as Series E Preferred Stock.

I. Reservation of Shares

Commencing on the Issuance Date, the Company shall at all times reserve and keep available, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of Series E Preferred Stock into shares of Common Stock, the full number of shares of Common Stock deliverable upon conversion of all of the shares of Series E Preferred Stock from time to time outstanding, taking into account all adjustments required herein in the Applicable Conversion Ratio. If at any time the number of authorized but unissued shares of Common Stock is not sufficient to effect the conversion of all of the then outstanding shares of Series E Preferred Stock pursuant to this Certificate of Designations, the Company shall take such corporate action as may, in the opinion of counsel to the Company, be necessary to increase the number of authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

J. Amendments and Other Actions

As long as any shares of Series E Preferred Stock are outstanding, the Company shall not, without first obtaining the approval (by vote or written consent) of the holders of all of the then outstanding shares of Series E Preferred Stock, voting as a separate class: in any manner alter or change the rights, preferences or privileges of the Series E Preferred Stock so as to affect adversely the Series E Preferred Stock.

Notwithstanding the foregoing, when authorized by resolutions of the Board of Directors, the Company may amend or supplement this Certificate without the consent of any holder of Series E Preferred Stock to cure any ambiguity, defect or inconsistency herein or make any other change herein, provided that each such amendments or supplements shall not adversely affect the interests of the holders thereof.

K. Registration and Transfer

The Company shall maintain at its principal executive offices (or at the offices of its transfer agent or such other office or agency of the Company as it may designate by notice to the holders of the Series E Preferred Stock) a stock register for the Series E Preferred Stock in which the Company shall record the names and addresses of person in whose name the shares of Series E Preferred Stock are issued, as well as the name and address of each permitted transferee thereof.

Prior to due presentment for registration of any transferee of any Series E Preferred Stock, the Company may deem and treat the person in whose name any Series E Preferred Stock is registered as the absolute owner of such Series E Preferred Stock and the Company shall not be affected by notice to the contrary. All transfers of Series E Preferred Stock must be made pursuant to the applicable rules and regulations of federal and state securities laws.

No service charge shall be made to a holder of Series E Preferred Stock for any registration, transfer or exchange.

Each of the undersigned declares under penalty of perjury that the matters set out in the foregoing Certificate are true of his own knowledge. Executed at Westbury, New York on this 18th day of June, 2010.

Name: /s/ Jun Ma  
Jun Ma  
Title: Chief Executive Officer

Name: /s/ Tarachand Singh  
Tarachand Singh  
Title: Chief Financial Officer





**STOCK PURCHASE AGREEMENT**

STOCK PURCHASE AGREEMENT dated as of \_\_\_\_\_, 2010, between VASOMEDICAL, INC., a Delaware corporation (the "Company") and \_\_\_\_\_ (the "Purchaser").

**WHEREAS**, the Purchaser desires to subscribe for, and the Company desires to issue to the Purchaser \_\_\_\_\_ shares of the Company's Convertible Preferred Stock, Series E (the "Preferred Stock"), upon the terms and conditions set forth in this Agreement;

**NOW, THEREFORE**, in consideration of the foregoing and of the mutual premises, covenants, representations and warranties herein contained, it is hereby agreed as follows:

1. Purchase Price; Issuance.

In reliance on the representations and warranties contained herein and subject to the terms and conditions hereof, the Purchaser hereby subscribes for \_\_\_\_\_ shares of Preferred Stock and has agreed to pay to the Company an amount equal to \$16.00 per share of Preferred Stock or \$ \_\_\_\_\_ in the aggregate, on demand by the Company, and the Company will issue upon payment by the Purchaser shares of Preferred Stock valued at \$16.00 per share.

2. Representations and Warranties of the Company.

The Company represents and warrants to the Purchaser as follows:

2.1 Corporate Status. The Company and each of its subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated with full corporate power and authority to carry on its business as now conducted and as proposed to be conducted.

2.2 Authority of Agreement. The Company has the power and authority to execute and deliver this Agreement and to carry out its obligations hereunder. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and this Agreement constitutes the valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally now or hereafter in effect and subject to the application of equitable principles and the availability of equitable remedies. The issuance of the Preferred Stock and underlying securities are not and will not be subject to preemptive rights or right of first refusal that have not been properly waived or complied with.

2.3 No Conflicts. The execution, delivery and performance of this Agreement and the other instruments and agreements to be executed, delivered and performed by the Company pursuant hereto and the consummation of the transactions contemplated hereby and thereby by the Company do not and will not with or without the giving of notice or the passage of time or both, violate or conflict with or result in a breach or termination of any provision of, or constitute a default under, the Certificate of Incorporation or the By-Laws of the Company or any order, judgment, decree, statute, regulation, contract, agreement or any other restriction of any kind or description to which the Company or its assets may be bound or subject. The Company is not in violation of or (with or without notice or lapse of time or both) in default under, any material term or provision of its Certificate of Incorporation or By-Laws or any indenture, loan or credit agreement, note agreement, mortgage, security agreement or other agreement, lease or other instrument, commitment or arrangement to which the Company is a party or by which the Company's assets are bound.

2.4 Fully Paid and Non-Assessable. Upon payment therefor pursuant to the terms hereof each share of Preferred Stock issued shall be validly issued, fully paid and non-assessable, and upon conversion of the Preferred Stock, each share of common stock (the "Common Stock") shall be validly issued, fully paid and non-assessable.

2.5 Certificate and Bylaws. The copies of the Certificate of Incorporation and Bylaws of the Company which have been delivered to (or made available for inspection by) the Purchaser prior to the execution of this Agreement are true and complete and have not been amended or repealed.

2.6 Capital Stock.

(a) As of the Closing Date, the authorized capital stock of the Company will consist of (i) 1,000,000 shares of preferred stock, of which 350,000 shares shall be designated as Preferred Stock; and, (ii) 250,000,000 shares of Common Stock, and the Company will have no authority under its Certificate of Incorporation to issue any other capital stock. All such outstanding shares of Preferred Stock have been duly authorized and validly issued and are fully paid and nonassessable.

(b) Except as contemplated by this Agreement and as set forth in its SEC filings and under its stock plans, the Company has no outstanding subscription, option, warrant, right of first refusal, preemptive right, call, contract, demand, commitment, convertible security or other instrument, agreement or arrangement of any character or nature whatever under which the Company is or may be obligated to issue common stock, preferred stock or other equity security of any kind.

2.7 Binding Obligations.

(a) This Agreement constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and by general equitable principles.

(b) The Preferred Stock and underlying securities are duly authorized and, when issued and paid for in accordance with the terms of this Agreement, will be duly authorized, validly issued and outstanding, fully paid and nonassessable and free and clear of all liens and restrictions, other than liens that might have been created or suffered by any Purchaser with respect to its Preferred Stock and underlying securities and restrictions imposed by the Securities Act, state securities laws or this Agreement.

2.8 Securities Laws. Subject to the accuracy of the representations and warranties contained in Section 3, the offer, issue and sale of the Preferred Stock are and will be exempt from registration and prospectus delivery requirements of the Securities Act, are and will be issued in compliance with all applicable federal and state securities laws.

2.9 Financial Statements. The Company's most recent SEC filing is its Report on Form 10-Q for the nine months ended February 28, 2010 ("SEC Filing"). The financial statements in the SEC Filing (i) are complete and correct in all material respects and are in accordance with the books and records of the Company, (ii) present fairly the financial condition of the Company on the dates therein specified and the results of operations and changes in financial position of the Company for the periods therein specified, and (iii) have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with prior accounting periods, except that the unaudited financial statements are subject to year-end audit adjustments and do not contain complete footnotes or statement of stockholders' equity.

2.10 Litigation. Except as disclosed in the SEC Filing, there is no action pending and, to the best knowledge of the Company, there is no material action threatened against the Company or its properties or assets. The Company is not in default with respect to any order, writ, judgment, injunction, decree, determination or award of any court or of any governmental entity.

2.11 No Governmental Consent or Approval Required. Based in part on the representations made by the Purchaser in Section 3 of this Agreement, no authorization, consent, approval or other order of, declaration to, or registration, qualification, designation or filing with, any federal, state or local governmental agency or body is required by or from the Company for the valid and lawful authorization, execution and delivery by the Company of this Agreement or any other agreement entered into by the Company in connection with this Agreement, and consummation of the transactions contemplated hereby or thereby, or for the valid and lawful authorization, issuance, sale and delivery of the Preferred Stock and underlying securities or for the valid and lawful authorization, reservation, issuance, sale and delivery of the Preferred Stock and underlying securities.

2.12 Reporting Status. The Company has filed in a timely manner all documents that the Company was required to file under the Exchange Act during the 12 months preceding the date of this Agreement and such documents complied as to form in all material respects with the Commission's requirements as of their respective filing dates, and the information contained therein as of the date thereof did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made not misleading.

3. Representations and Warranties of the Purchaser.

The Purchaser represents and warrants to the Company as follows:

3.1. Status.

If the Purchaser is a corporation or other entity, the Purchaser is a corporation or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full power and authority to execute, deliver and perform its obligations under this Agreement. If the Purchaser is an individual, the Purchaser has legal capacity to execute, deliver and perform his or her obligations under this Agreement.

3.2 Authority for Agreements.

The Purchaser has the power and authority to execute and deliver this Agreement and to carry out its obligations hereunder. The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Purchaser and this Agreement constitutes the valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally now or hereafter in effect and subject to the application of equitable principles and the availability of equitable remedies.

3.3. No Conflicts.

The execution, delivery and performance of this Agreement and the other instruments and agreements to be executed, delivered and performed by the Purchaser pursuant hereto and the consummation of the transactions contemplated hereby and thereby by the Purchaser does not and will not with or without the giving of notice or the passage of time or both, violate or conflict with or result in a breach or termination of any provision of, or constitute a default under, the Certificate of Incorporation or the By-Laws of the Purchaser (if the Purchaser is a corporation), any other organizational instrument (if the Purchaser is a legal entity other than a corporation) or any order, judgment, decree, statute, regulation, contract, agreement or any other restriction of any kind or description to which the Purchaser is a party or by which the Purchaser may be bound.

3.4 Purchaser Representations and Acknowledgments.

(a) The Purchaser is acquiring the Preferred Stock for the Purchaser's own accounts for investment only and not as nominee or agent and not with a view to, or for sale in connection with, a distribution of the Preferred Stock and with no present intention of selling, transferring, granting a participation in or otherwise distributing, the Preferred Stock, all within the meaning of the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Securities Act") and any applicable state, securities or blue-sky laws.

(b) The Purchaser is not a party or subject to or bound by any contract, undertaking, agreement or arrangement with any person to sell, transfer or pledge the Preferred Stock or any part thereof to any person, and has no present intention to enter into such a contract, undertaking, agreement or arrangement.

(c) Purchaser has carefully read the Certificate of Designations of Preferences and Rights of Series E Convertible Preferred Stock annexed as Exhibit A, and agrees to be bound by all of the terms, conditions and obligations set forth therein as a holder of Preferred Stock.

(d) The Purchaser acknowledges to the Company that:

(i) The Company has advised the Purchaser that the Preferred Stock and underlying securities have not been registered under the Securities Act or under the laws of any state on the basis that the issuance thereof contemplated by this Agreement is exempt from such registration;

(ii) The Company's reliance on the availability of such exemption is, in part, based upon the accuracy and truthfulness of the Purchaser's representations contained herein;

(iii) The Preferred Stock and Common Stock cannot be resold without registration or an exemption under the Securities Act, and that certificates representing the Preferred Stock and Common Stock will bear a restrictive legend to such effect;

(iv) The Purchaser has evaluated the merits and risks of purchasing the Preferred Stock, and has such knowledge and experience in financial and business matters that the Purchaser are capable of evaluating the merits and risks of such purchase, is aware of and has considered the financial risks and financial hazards of purchasing the Preferred Stock, and is able to bear the economic risk of purchasing the Preferred Stock, including the possibility of a complete loss with respect thereto;

(v) The Purchaser has had access to such information regarding the business and finances of the Company, and have been provided the opportunity to discuss with the Company's management the business, affairs and financial condition of the Company and such other matters with respect to the Company as would concern a reasonable person considering the transactions contemplated by this Agreement and/or concerned with the operation of the Company;

(vi) All of the Purchaser's representations and warranties set forth herein are correct and complete as of the date of this Agreement, shall be true and correct as of the closing of the transaction contemplated by this Agreement, shall survive such closing and if there should be any material change in such information prior to the sale to the Purchaser of the Preferred Stock the Purchaser will immediately furnish such revised or corrected information to the Company; and

(vii) Additional Representations and Warranties of Accredited Investors. The Purchaser, by initialing the applicable paragraph below (a) through (h) hereby represents and warrants that the Purchaser is an "Accredited Investor", because the Purchaser comes within one or more of the enumerated categories. Place your initials in the space provided in the beginning of each applicable paragraph, thereby representing and warranting as to the applicability to the Purchaser of the initialed paragraph or paragraphs:

(a) any individual Purchaser whose net worth, or joint net worth with that person's spouse at the time of his purchase, exceeds \$1,000,000 (including any individual participant of a Keogh Plan, IRA or IRA Rollover Purchaser);

(b) any individual Purchaser who had an income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and who reasonably expects an income in excess of the same income level in the current year (including any individual participant of a Keogh Plan, IRA or IRA Rollover Purchaser);

(c) any corporation or partnership not formed for the specific purpose of making an investment in the Common Stock, with total assets in excess of \$5,000,000;

(d) any trust, which is not formed for the specific purpose of investing in the Preferred Stock, with total assets in excess of \$5,000,000, whose purchase is directed by a sophisticated person, as such term is defined in Rule 506(b) of Regulation D under the Securities Act;

(e) any ERISA Plan if the investment decision is made by a plan fiduciary, as defined in section 3(21) of ERISA, which is either a bank, insurance company, or registered investment adviser, or the Plan has total assets in excess of \$5,000,000;

(f) any entity in which all of the equity owners are Accredited Investors under paragraphs (a), (b) or (c) above or any other entity meeting required "Accredited Investor" standards under Rule 501 of Regulation D under the Securities Act and applicable State securities law criteria;

(g) an executive officer or director of the Company;

(h) other (please explain)

4. Further Assurances.

At any time and from time to time after the date hereof, each party shall, without further consideration, execute and deliver to the other such other instruments or documents and shall take such other actions as the other may reasonably request to carry out the transactions contemplated by this Agreement.

5. Miscellaneous.

Any party may waive compliance by the other with any of the provisions of this Agreement. No waiver of any provision shall be construed as a waiver of any other provision. Any waiver must be in writing. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement may not be modified or amended except in writing signed by both parties hereto. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of New York, applicable to contracts made and to be performed in New York. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto. This Agreement shall not be assignable by either party without the prior written consent of the other, such consent not to be unreasonably withheld. The rights and obligations contained in this Agreement are solely for the benefit of the parties hereto and are not intended to benefit or be enforceable by any other party, under the third party beneficiary doctrine or otherwise.

The parties have duly executed this Agreement as of the date first above written.



EXECUTION PAGE FOR SUBSCRIPTION BY INDIVIDUALS  
(not applicable to subscriptions by entities, Individual Retirement Accounts, Keogh Plans or ERISA Plans)

TOTAL SUBSCRIPTION AMOUNT \$ \_\_\_\_\_

- |  |   |
|--|---|
| <input type="checkbox"/> INDIVIDUAL OWNER<br>(One signature required below)                        | <input type="checkbox"/> CUSTODIAN UNDER<br>Uniform Gifts to Minors Act<br>(Insert applicable state)<br>(Custodian must sign below) |
| <input type="checkbox"/> JOINT TENANTS WITH RIGHT OF SURVIVORSHIP<br>(All tenants must sign below) |   |
| <input type="checkbox"/> TENANTS IN COMMON<br>(All tenants must sign below)                        | <input type="checkbox"/> COMMUNITY PROPERTY<br>(Both spouses in community property<br>states must sign below)                       |

Print information as it is to appear on the Company records.

_____ (Name of Subscriber)	_____ (Social Security or Taxpayer ID No.)
_____ (Home Address)	_____ (Home Telephone)
_____ (Business Address)	_____ (Business Telephone)
_____ (Name of Co-Subscriber)	_____ (Social Security or Taxpayer ID No.)
_____ (Home Address)	_____ (Home Telephone)
_____ (Business Address)	_____ (Business Telephone)

Dated: \_\_\_\_\_, 2010.

SIGNATURE(S)

\_\_\_\_\_  
Signature of Authorized Signatory

\_\_\_\_\_  
Signature of Authorized Co-Signatory

\_\_\_\_\_  
Print Name of Signatory and Title,  
(if applicable)

\_\_\_\_\_  
Print Name of Co-Signatory and Title,  
(if applicable)

ACCEPTED AND AGREED:  
VASOMEDICAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_, 2010

**TOTAL SUBSCRIPTION AMOUNT \$** \_\_\_\_\_

EMPLOYMENT BENEFIT PLAN OR TRUST (including pension plan, profit sharing plan, other defined contribution plan and SEP)

IRA, IRA ROLLOVER OR KEOGH PLAN

TRUST (other than employee benefit trust)

CORPORATION (Please include certified corporate resolution authorizing signature)

PARTNERSHIP

OTHER

Print information as it is to appear on the Company records.

\_\_\_\_\_  
(Name of Subscriber)

\_\_\_\_\_  
(Taxpayer ID Number)

\_\_\_\_\_  
(Plan number, if applicable)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
Name and Taxpayer ID number of sponsor (if applicable)

The undersigned trustee, partner, corporate officer or fiduciary certifies that he or she has full power and authority from all beneficiaries, partners or shareholders of the entity named above to execute this Subscription Agreement on behalf of the entity and to make the representations, warranties and agreements made herein on their behalf and that investment in the Preferred Stock has been affirmatively authorized by the governing board or body of such entity and is not prohibited by law or the governing documents of the entity.

SIGNATURE(S)

Dated: \_\_\_\_\_, 2010

\_\_\_\_\_  
Signature of Authorized Signatory

\_\_\_\_\_  
Print Name of Signatory and Title,  
(if applicable)

\_\_\_\_\_  
Signature of Authorized Co-Signatory

\_\_\_\_\_  
Print Name of Co-Signatory and Title  
(if applicable)

ACCEPTED AND AGREED:  
VASOMEDICAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_, 2010