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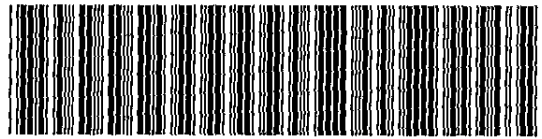
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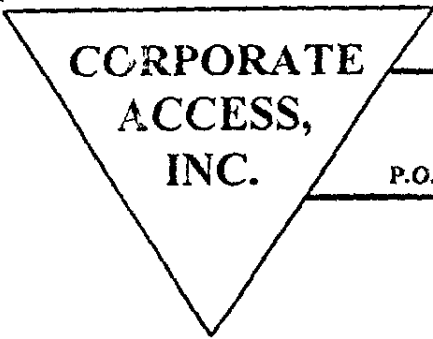
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Amend

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CERTIFIED COPY _____ CUS _____

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1.) TMI Holdings, Inc.
(CORPORATE NAME & DOCUMENT #)

2.) _____
(CORPORATE NAME & DOCUMENT #)

3.) _____
(CORPORATE NAME & DOCUMENT #)

4.) _____
(CORPORATE NAME & DOCUMENT #)

5.) _____
(CORPORATE NAME & DOCUMENT #)

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SPECIAL INSTRUCTIONS _____

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**CERTIFICATE OF DESIGNATION
OF THE RIGHTS, PREFERENCES, PRIVILEGES,
AND RESTRICTIONS, WHICH HAVE NOT BEEN SET
FORTH IN THE CERTIFICATE OF INCORPORATION
OR IN ANY AMENDMENT THERETO,
OF THE
SERIES B CONVERTIBLE PREFERRED STOCK
OF
TMI HOLDINGS, INC.**

(Pursuant to Section 607.0602 of the Florida Business Corporation Act)

The undersigned, William M. Sessions, does hereby certify that:

A. He is the duly elected and acting President of TMI Holdings, Inc., a Florida Corporation (the "Corporation").

B. Pursuant to the Unanimous Written Consent of the Board of Directors of the Corporation dated January 31, 2003, the Board of Directors duly adopted the following resolutions:

WHEREAS, the Certificate of Incorporation of the Corporation authorizes a class of stock designated as Preferred Stock, with a par value of \$0.01 per share (the "Preferred Class"), comprising one million five hundred thousand (1,500,000) shares and provides that the Board of Directors of the Corporation may fix the terms, including any dividend rights, dividend rates, conversion rights, voting rights, rights and terms of any redemption, redemption price or prices, and liquidation preferences, if any, of the Preferred Class;

WHEREAS, the Board of Directors believes it in the best interests of the Corporation to create a series of preferred stock consisting of 500,000 shares and designated as the "Series B Convertible Preferred Stock" having certain rights, preferences, privileges, restrictions and other matters relating to the Series B Convertible Preferred Stock.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby fix and determine the rights, preferences, privileges, restrictions and other matters relating to the Series B Convertible Preferred Stock as follows:

1. Definitions. For purposes of this Certificate of Designation, the following definitions shall apply:

1.1 "Board" shall mean the Board of Directors of the Corporation.

1.2 "Corporation" shall mean TMI Holdings, Inc., a Florida Corporation.

1.3 "Common Stock" shall mean the Common Stock, \$0.01 par value per share, of the Corporation.

1.4 "Common Stock Dividend" shall mean a stock dividend declared and paid on the Common Stock that is payable in shares of Common Stock.

1.5 "Distribution" shall mean the transfer of cash or property by the Corporation to one or more of its stockholders without consideration, whether by dividend or otherwise (except a dividend in shares of Corporation's stock).

1.6 "Original Issue Date" shall mean the date on which the first share of Series B Convertible Preferred Stock is issued by the Corporation.

1.7 "Series B Convertible Preferred Stock" shall mean the Series B Convertible Preferred Stock, \$0.01 par value per share, of the Corporation.

1.8 "Subsidiary" shall mean any corporation or limited liability Corporation of which at least fifty percent (50%) of the outstanding voting stock or membership interests, as the case may be, is at the time owned directly or indirectly by the Corporation or by one or more of such subsidiary corporations.

2. Dividend Rights.

2.1 In each calendar year, the holders of the then outstanding Series B Convertible Preferred Stock shall be entitled to receive, when, as and if declared by the Board, out of any funds and assets of the Corporation legally available therefor, noncumulative dividends in an amount equal to any dividends or other Distribution on the Common Stock in such calendar year (other than a Common Stock Dividend); provided however, no dividend shall be declared or paid when there is outstanding indebtedness of the Corporation or any accrued interest remains outstanding on such indebtedness unless the holder of such debt waives this condition. No dividends (other than a Common Stock Dividend) shall be paid, and no Distribution shall be made, with respect to the Common Stock unless dividends in such amount shall have been paid or declared and set apart for payment to the holders of the Series B Convertible Preferred Stock

simultaneously. Dividends on the Series B Convertible Preferred Stock shall not be mandatory or cumulative, and no rights or interest shall accrue to the holders of the Series B Convertible Preferred Stock by reason of the fact that the Corporation shall fail to declare or pay dividends on the Series B Convertible Preferred Stock, except for such rights or interest that may arise as a result of the Corporation paying a dividend or making a Distribution on the Common Stock in violation of the terms of this Section 2.

2.2 Participation Rights. Dividends shall be declared pro rata on the Common Stock and the Series B Convertible Preferred Stock on a pari passu basis according to the number of shares of Common Stock held by such holders, where each holder of shares of Series B Preferred Stock is to be treated for this purpose as holding the number of shares of Common Stock to which the holders thereof would be entitled if they converted their shares of Series B Convertible Preferred Stock at the time of such dividend in accordance with Section 4 hereof.

2.3 Non-Cash Dividends. Whenever a dividend or Distribution provided for in this Section 2 shall be payable in property other than cash (other than a Common Stock Dividend), the value of such dividend or Distribution shall be deemed to be the fair market value of such property as determined in good faith by the Board.

3. Liquidation Rights. The Series B Convertible Preferred Stock shall have the same liquidation preference as the Common Stock.

4. Conversion Rights.

(a) Conversion of Preferred Stock. Each share of Series B Convertible Preferred Stock shall be convertible into thirty (30) fully paid and nonassessable shares of Common Stock of the Corporation. This conversion shall occur automatically at the time the Corporation has sufficient shares of authorized common stock to convert each share of Series B Convertible Preferred Stock into thirty (30) shares of common stock. Notwithstanding the above, each share of Series B Convertible Preferred Stock shall automatically be converted into one fully paid and nonassessable share of Common Stock of the Corporation described herein immediately upon the resignation or removal of the holder thereof from the Corporation's Board of Directors.

(b) Procedures for Exercise of Conversion Rights. The shares of Series B Convertible Preferred Stock will automatically convert to common stock as soon as the Corporation has sufficient authorized shares of common stock to convert the shares of Series B Convertible Preferred Stock in accordance with Section 4(a), above. Once the Corporation has sufficient authorized common stock to effectuate the conversion then the conversion shall be deemed to have

been effected on the date when the Corporation first had sufficient shares of authorized common stock to effectuate the conversion (except that in the event of an automatic conversion pursuant to Section 4(a) above, such conversion shall be deemed to have been made immediately prior to the holders resignation or removal), and such date is referred to herein as the "Conversion Date." As promptly as practicable after the Conversion Date, the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which such holder is entitled and a check for cash with respect to any fractional interest in a share of Common Stock as provided in section 4(c) below. The holder shall be deemed to have become a shareholder of record on the Conversion Date.

(c) No Fractional Shares. No fractional shares of Common Stock or scrip shall be issued upon conversion of shares of Series B Convertible Preferred Stock. If more than one share of Series B Convertible Preferred Stock shall be surrendered for conversion at any one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series B Convertible Preferred Stock so surrendered. Instead of any fractional shares of Common Stock which would otherwise be issuable upon conversion of any shares of Series B Convertible Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional interest equal to the fair market value of such fractional interest as determined by the Corporation's Board of Directors.

(d) Payment of Taxes for Conversions. The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion pursuant hereto of Series B Convertible Preferred Stock. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series B Convertible Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has established, to the satisfaction of the Corporation, that such tax has been paid.

(e) Reservation of Common Stock. The Corporation will use its best efforts, but is under no obligation, to keep available authorized but unissued Common Stock for the purpose of effecting any requested conversion of the Series B Convertible Preferred Stock.

(f) Registration or Listing of Shares of Common Stock. If any shares of Common Stock to be reserved for the purpose of conversion of shares

of Series B Convertible Preferred Stock require registration or listing with, or approval of, any governmental authority, stock exchange or other regulatory body under any federal or state law or regulation or otherwise, before such shares may be validly issued or delivered upon conversion, the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration, listing or approval, as the case may be.

(g) **Status of Common Stock Issued Upon Conversion.** All shares of Common Stock which may be issued upon conversion of the shares of Series B Convertible Preferred Stock will upon issuance by the Corporation be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof.

(h) **Status of Converted Preferred Stock.** In case any shares of Series B Convertible Preferred Stock shall be converted pursuant to this Section 4, the shares so converted shall be canceled and shall not be issuable by the Corporation.

5. Adjustment of Conversion Price.

(a) **General Provisions.** In case, at any time after the date hereof, of any capital reorganization, or any reclassification of the stock of the Corporation (other than a change in par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or the consolidation or merger of the Corporation with or into another person (other than a consolidation or merger in which the Corporation is the continuing entity and which does not result in any change in the Common Stock), or of the sale or other disposition of all or substantially all the properties and assets of the Corporation as an entirety to any other person, the shares of Series B Convertible Preferred Stock shall, after such reorganization, reclassification, consolidation, merger, sale or other disposition, be convertible into the kind and number of shares of stock or other securities or property of the Corporation or of the entity resulting from such consolidation or surviving such merger or to which such properties and assets shall have been sold or otherwise disposed to which such holder would have been entitled if immediately prior to such reorganization, reclassification, consolidation, merger, sale or other disposition it had converted its shares of Series B Convertible Preferred Stock into Common Stock. The provisions of this Section 5(a) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or other dispositions.

(b) **No Impairment.** The Corporation will not, through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, including amending this Certificate of Designation, avoid or seek to avoid the observance or performance of any of the

terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of Series B Convertible Preferred Stock against impairment. This provision shall not restrict the Corporation from amending its Articles of Incorporation in accordance with the General Corporation Law of the State of Florida and the terms hereof.

7. Redemption. The Series B Convertible Preferred Stock shall not be redeemable.

8. Notices. Any notices required by the provisions of this Certificate of Designation to be given to the holders of shares of Series B Convertible Redeemable Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at its address appearing on the books of the Corporation.

9. Voting Provisions. Each share of Series B Convertible Preferred Stock shall be entitled to thirty (30) votes on all matters to which the shareholders of the Corporation are entitled or required to vote.

10. Restriction on Issuance. The Series B Convertible Preferred Stock may only be issued to and held by members of the Board of Directors of the Corporation. In the event of any holder's resignation or removal from the Board, the conversion provisions of Section 4 shall apply.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation of Series B Convertible Preferred Stock to be duly executed by its President and attested to by its Secretary this 31st day of January, 2003.

By: William M. Sessions
William M. Sessions, President

By: William M. Sessions
William M. Sessions, Secretary