

Division of Corporations

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BASIC AMENDMENT

HOME 1-2-3 CORP.

Certificate of Status	0
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Amendment
10/24/01
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FAX AUDIT No.H01000109129

**ARTICLES OF AMENDMENT TO THE
AMENDED AND RESTATED ARTICLES OF INCORPORATION OF
HOME 1-2-3 CORP.**

Pursuant to the provisions of Section 607.1006 of the Florida Business Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Amended and Restated Articles of Incorporation:

ITEM I

The name of this corporation is HOME 1-2-3 CORP. (the "Corporation").

ITEM II

Article II - CAPITAL STOCK of the Amended and Restated Articles of Incorporation of the Corporation is hereby deleted in its entirety, and the following language is inserted in lieu thereof:

ARTICLE II - CAPITAL STOCK

1. The maximum number of shares of capital stock that this Corporation is authorized to have outstanding at any time shall be 26,000,000 shares, consisting of: (i) 20,000,000 shares of common stock \$.01 par value per share (the "Common Stock"), (ii) 5,000,000 shares of Series A Convertible Preferred Stock, \$.01 par value per share (the "Series A Preferred Stock"), and (iii) 1,000,000 shares of preferred stock (the "Preferred Stock"), which may be issued in one or more series, as more fully described herein.

2. The designation, powers, preferences and relative participating, optional or other special rights and the qualifications, limitations and restrictions thereof in respect of each class of capital stock of the Corporation are as follows:

(A) Common Stock.

Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held of record on all matters on which shareholders generally are entitled to vote. Subject to the provisions of law and the rights of any other class or series of stock having a preference as to dividends over the Common Stock then outstanding, dividends may be paid on the Common Stock at such times and in such amounts as the Board of Directors shall determine. Upon the dissolution, liquidation or winding up of the Corporation, after any preferential amounts to be distributed to the holders of any other class or series of stock having a preference over the Common Stock then outstanding having been paid or declared and set apart for payment, the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its shareholders ratably in proportion to the number of shares held by them, respectively.

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(B) Preferred Stock.

The Board of Directors is hereby authorized, subject to the limitations prescribed by law and the provisions of this Section 2.(B), to provide for the issuance of shares of Preferred Stock in one or more series, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations and restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, a determination of the following:

(i) The number of shares constituting that series and the distinctive designation of that series (other than designating the same as Series A, which designation has been provided hereunder, as further described below);

(ii) The dividend rate, if any, on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(iii) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(iv) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(v) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(vi) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(vii) The rights of the shares of that series in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and

(viii) Any other relative rights, preferences and limitations of that series.

(C) Series A Preferred Stock.

Each holder of Series A Preferred Stock shall be entitled to rights, preferences, powers and privileges as follows:

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(1) Voting Rights.

(a) Except as otherwise required under applicable law and except as otherwise provided for herein, the shares of Series A Preferred Stock shall vote together as one class with the holders of the Common Stock on each matter submitted to a vote of the shareholders of the Corporation, and each share of outstanding Common Stock shall have one vote and each share of outstanding Series A Preferred Stock, as adjusted for any stock splits, share dividends, recapitalization or similar event, shall have one vote. Accordingly, each holder of Series A Preferred Stock shall be entitled to the number of votes on each matter submitted to a vote of the shareholders equal to the number of shares of Series A Preferred Stock, as adjusted as provided above, held by such holder.

(b) The holders of Series A Preferred Stock shall be entitled to participate in the election of the Board of Directors of the Corporation and each holder of Series A Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock such shares of Preferred Stock, as adjusted as provided above, are then convertible into.

(c) For long as Provident Financial Group, Inc. ("Provident"), beneficially owns at least twenty five percent (25%) of the total Series A Preferred Stock issued by the Corporation to Provident, the consent of a majority of the shares of the Series A Preferred Stock beneficially owned by Provident shall be required for any actions which constitute a Material Company Action, as defined below. The following actions for purposes hereunder shall constitute and shall be deemed for purposes hereof, Material Company Actions:

(i) any action which alters or changes the rights, preferences or privileges of the Series A Preferred Stock materially or adversely or affects the conversion price of the Series A Preferred Stock or anti-dilution provisions of the shares of Series A Preferred Stock;

(ii) any action which increases the authorized number of shares of Series A Preferred Stock;

(iii) the issuance of any additional shares of Series A Preferred Stock (excluding Series A Preferred Stock issued to Provident or to any other accredited investors reasonably acceptable to Provident (the "Follow-On Investors," provided such issuance to any such Follow-On Investors is effectuated within six months from the date of the filing of this Articles of Amendment to the Amended and Restated Articles of Incorporation, and does not exceed up to Two Million Four Hundred Thousand Dollars (\$2,400,000) or such greater amount, provided Provident's percentage ownership of the then outstanding Series A Preferred Stock calculated on a fully diluted basis does not decrease below fifty-one percent (51%) as the result of such issuance)), or any shares of "blank check" Series A Preferred Stock if ranking senior to the Series A Preferred Stock;

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(iv) any action which creates any new class of shares of the Corporation's capital stock being on parity with, or having preference over, the Series A Preferred Stock;

(v) the declaration of or the payment of a dividend or distribution on any shares of the Corporation's capital stock other than the Series A Preferred Stock;

(vi) any action which changes the Corporation's authorized number of Directors or the number of shares of capital stock of the Corporation authorized under the Corporation's 2001 Stock Option Plan;

(vii) any action involving the sale by the Corporation of a substantial portion of its assets or any merger of the Corporation with another entity where the Corporation is not the surviving entity, unless the aggregate value of the Series A Preferred Stock issued to Provident by the Corporation, calculated in accordance with the terms of such sale or merger, would exceed an amount equal to \$7.08 times the number of shares of Series A Preferred Stock issued by the Corporation to Provident, as adjusted for any stock split, share dividend, recapitalization or similar event on the Series A Preferred Stock;

(viii) any amendment of the Corporation's Articles of Incorporation which materially and adversely affects the rights and benefits of the Series A Preferred Stock, exclusive of increasing the number of authorized shares of Common Stock or the creation of any series of Series A Preferred Stock subordinate to the Series A Preferred Stock;

(ix) any redemption or repurchase of Common Stock other than the redemption, if any, of up to 100,000 shares of Common Stock owned by Gavin Brady, as of the date of the filing of Articles of Amendment to the Amended and Restated Articles of Incorporation;

(x) any single expenditure or payment of Corporation funds, other than in the ordinary course of business, in excess of fifty thousand dollars (\$50,000), or the Corporation assuming or otherwise becoming obligated on any loan or incurring any indebtedness, other than in the ordinary course of business, in an amount in excess of fifty thousand dollars (\$50,000), except with respect to obligations currently outstanding and which have been disclosed to Provident in that certain purchase agreement between the Corporation and Provident, on or about the date hereof, and the schedules and/or exhibits thereto, including the financial statements of the Corporation, as referred to therein, and except as may otherwise be permitted or contemplated in such purchase agreement and the ancillary agreements, as defined thereunder, including, without limitation, expenditures incurred or indebtedness assumed by or on behalf of the Corporation in connection with or related to the Corporation's establishment and/or development of loan production office(s) or center(s). Notwithstanding the foregoing, this Sub-Section (x) shall be of no force and effect commencing as of such date the Corporation generates net income for a calendar month in excess of

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two hundred fifty thousand dollars (\$250,000) or the Corporation generates net income for an eighteen (18) month consecutive period of time; or

(xi) any material change or modification to the terms of the confidentiality or non-compete provisions contained in any of the employment or related agreements with any of John R. Marshall, Joseph D. Doyle, Jr. or Daniel Caffrey.

(2) Dividends.

(a) The holder of record of each share of Series A Preferred Stock shall be entitled to receive dividends at the annual rate of \$0.1416, payable quarterly in cash or in-kind, as further described below, at the Corporation's option, whenever funds are legally available to pay such dividends as and when declared by the Board of Directors of the Corporation.

(b) Such dividends shall become payable only after being declared by the Board of Directors and must be declared and paid prior to the payment of any dividends declared and paid on the Common Stock or on any other class of Preferred Stock of the Corporation ranking junior to the Series A Preferred Stock. Any in-kind dividend payments hereunder shall be limited to the issuance of additional shares of Series A Preferred Stock (unless otherwise agreed to by the holders of a majority of the then outstanding shares of Series A Preferred Stock), valued at the then current fair market value at the time of issuance thereof as determined by the Corporation's Board of Directors. Such dividends shall be cumulative and, subject to such dividends being declared as aforesaid, shall be payable quarterly on the last day of March, June, September and December in each year to holders of record of the Series A Preferred Stock as of close of business on the date preceding such payment date (or such other record date if otherwise required by law as declared by the Corporation). If dividends on the outstanding Series A Preferred Stock shall not have been paid or declared and set apart for payment for each past quarterly dividend period, dividends equal to the amount of such deficiency shall be paid or declared and set apart for payment with respect to the Series A Preferred Stock before any dividends or other distributions with respect to the Common Stock, Preferred Stock, or any other class of capital stock issued by the Corporation may be paid or declared and set apart for payment. Dividends on the outstanding Series A Preferred Stock will accrue and accumulate commencing on the later of January 1, 2002, or ninety (90) days following the date hereof, and shall be cumulative until paid in cash or in-kind as provided above.

(c) In no event shall any dividend be declared and paid on the Common Stock in an amount per share greater than the amount per share at which dividends are to be paid on the Series A Preferred Stock.

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(3) Liquidation Preference.

(a) In the event of any dissolution, liquidation or winding up of the Corporation (a "Liquidation Event"), each holder of Series A Preferred Stock shall be entitled, to the extent of the remaining assets of the Corporation legally available for distribution, if any, and before any distribution is made upon any other class of capital stock ranked junior to the Series A Preferred Stock, issued by the Corporation, to be paid an amount (the "Liquidation Amount") equal to the greater of: (i) \$2.36 per share of Series A Preferred Stock, as adjusted for any stock split, share dividend, recapitalization or similar event on the Series A Preferred Stock, together with an amount equal to all accrued and unpaid dividends thereon to the date of such payment, or (ii) a pro rata share with the holders of the Common Stock of the liquidation proceeds as if the Series A Preferred Stock had been converted to Common Stock prior to such liquidation (the "Series A Preferred Stock Liquidation Preference").

(b) A Sale Transaction (as defined below) shall be also be deemed a Liquidation Event for purposes hereunder unless the holders of a majority of the holders of the then outstanding shares of Series A Preferred Stock deem otherwise. For purposes hereof, "Sale Transaction" means:

(i) any sale or transfer to a third party of all or substantially all of the assets of the Corporation (taking into account any of its consolidated subsidiaries) in any transaction or series of related transactions (other than sales of inventory in the ordinary course of business); or

(ii) any merger, consolidation or reorganization to which the Corporation or a consolidated subsidiary thereof is a party, except for a merger, consolidation or reorganization in which the Corporation or such subsidiary is the surviving corporation.

If, in connection with any Liquidation Event or Sale Transaction that is deemed to be treated as a Liquidation Event, the consideration received by, or the property to be distributed by, the Corporation is other than cash or securities, its value will be deemed to be its fair market value as determined in good faith by the Board of Directors. Any securities shall be valued as follows:

(x) if traded on an United States or Canadian securities exchange or through the NASDAQ National Market, the value shall be deemed to be the average of the closing prices of the securities on such quotation system over the thirty (30) calendar day period ending three (3) days prior to the distribution of such securities to the holders of Series A Preferred Stock; or

(y) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or

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sale prices (whichever is applicable) over the thirty (30) calendar day period ending three (3) days prior to the distribution of such securities to the holders of Series A Preferred Stock; or

- (z) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors.

In the event that such securities are subject to an investment letter or other similar restrictions on free marketability (other than restrictions arising solely by virtue of a shareholder's status as an affiliate or former affiliate), the value thereof shall be appropriately discounted from the value determined under paragraphs (x), (y) or (z) above to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors.

Written notice of any Liquidation Event (including any Sale Transaction), stating a payment date and the amount of the liquidation payment or purchase price, as the case may be, shall be given by mail, postage prepaid, not less than thirty (30) days prior to the date stated therein, to the holders of record of the Series A Preferred Stock, such notice to be addressed to each such holder at the address that appears on the books of the Corporation.

(4) Conversion.

(a) Any holder of the Series A Preferred Stock shall have the right, at any time and from time to time, subject to applicable law and/or regulation, to convert all or any shares of Series A Preferred Stock then outstanding and held or record by such holder into fully paid and non-assessable shares of Common Stock of the Corporation at an initial conversion price of \$2.36 per share (a "Series A Preferred Stock Optional Conversion"), as more fully described below.

(b) In the case of a Qualified IPO, as defined below, all then outstanding shares of Series A Preferred Stock shall automatically, without any action by the holders of the Series A Preferred Stock and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent, convert to shares of Common Stock of the Corporation at the same rate described below, as if such conversion was a Series A Preferred Stock Optional Conversion (a "Series A Preferred Stock Automatic Conversion"). For purposes hereof, a Qualified IPO shall mean an initial public offering of the Corporation's securities which (i) is expected to generate gross proceeds, before underwriting discounts and issuance expenses, in excess of Ten Million Dollars (\$10,000,000) (a "Qualified IPO") as of the date of filing, and (ii) the implied minimum all-in cash flow return to Provident exceeds an aggregate of \$2,500,000 if Provident owns an aggregate 1,060,239 shares of Series A Preferred Stock issued to Provident by the Corporation, or the implied minimum all-in cash flow return to Provident exceeds an aggregate of \$3,000,000 if Provident owns an aggregate 1,272,287 shares of Series A Preferred Stock issued to Provident by the Corporation.

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(c) To the extent permitted by law, upon a Series A Preferred Stock Optional Conversion and/or Series A Preferred Stock Automatic Conversion, the holders thereof shall be immediately entitled to an amount in cash equal to all accrued and unpaid dividends thereon to the date of conversion, and such amount shall accompany the certificate or certificates representing the Common Stock issued upon such conversion. In connection with a Series A Preferred Stock Optional Conversion and/or a Series A Preferred Stock Automatic Conversion, the number of shares of Common Stock into which a share of Series A Preferred Stock shall convert shall be determined by dividing: (i) \$2.36 by (ii) the Series A Preferred Stock Conversion Price, as defined below, in effect on the effective date of the conversion ("Series A Preferred Stock Conversion Effective Date"). The initial Series A Preferred Stock Conversion Price shall be \$2.36, subject to adjustment as provided below.

(d) To exercise a Series A Preferred Stock Optional Conversion right, a holder of the Series A Preferred Stock shall surrender the certificates representing such Series A Preferred Stock at the principal office of the Corporation or at such other office of the Corporation specified for such purpose together with written notice to the Corporation of the number of shares of Series A Preferred Stock the holder elects to convert, and written instructions regarding the registration and delivery of certificates for the shares of Common Stock acquired thereby. On or after the date of the closing of a Qualified IPO each holder of Series A Preferred Stock shall surrender the certificates representing such Series A Preferred Stock at the principal office of the Corporation or at such other place specified by the Corporation for such purpose and provide written instructions regarding the registration and delivery of the certificates for the shares of Common Stock acquired thereby. The person entitled to receive Common Stock issuable upon conversion shall be deemed to have become the holder of record of such Common Stock at the Series A Preferred Stock Conversion Effective Date, subject to compliance with applicable law and/or regulation, on the date the registration statement relating to the Qualified IPO is declared effective by the Securities and Exchange Commission in the case of a Series A Preferred Stock Automatic Conversion, or in the case of a Series A Preferred Stock Optional Conversion upon receipt by the Corporation of all documentation necessary to effectuate such conversion, including certificates evidencing the shares of Series A Preferred Stock, duly executed for transfer with signatures medallion guaranteed, if requested by the Corporation and/or its agents, and such other documents as may then be reasonably required by the Corporation to effectuate such conversion. If, in the case of a Series A Preferred Stock Optional Conversion, any certificate representing Series A Preferred Stock shall have been converted in part, the holder shall be entitled to a new certificate representing the shares of Series A Preferred Stock not so converted.

(e) From and after the date of the initial issuance by the Corporation of any shares of Series A Preferred Stock, the Series A Preferred Stock Conversion Price in effect shall be subject to adjustment from time to time as follows:

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(i) If at any time after the initial issuance of shares of such Series A Preferred Stock, the Corporation issues or sells additional shares of its capital stock (exclusive of shares of Series A Preferred Stock issued to Provident Financial Group, Inc. or the Follow-On Investors), including, without limitation, through any share dividends or "stock splits," or the issuance of Common Stock of the Corporation relating to the Non-Dilutive Warrants, as defined below, when and if exercised, or the issuance of options, convertible securities or other similar rights to acquire shares of the Corporation's capital stock for a consideration per share less than the Series A Preferred Stock Conversion Price in effect immediately prior to such issuance (each a "Non-Dilutive Event"), other than shares issuable under exercise of any options and warrants outstanding as of the filing date of this Amendment (exclusive of the Non-Dilutive Warrants), or options or shares issuable under the Corporation's 2001 Stock Option Plan, as in effect as of the date of hereof. For purposes hereof, the "Non-Dilutive Warrants" shall mean those 100,000 aggregate warrants outstanding as the date hereof with an exercise price of \$2.50 per share, and those 100,000 aggregate warrants outstanding as of the date hereof with an exercise price of \$2.00 per share. Upon the occurrence of any Non-Dilutive Event(s), the Series A Preferred Stock Conversion Price shall be reduced to a price (rounded to the nearest penny), which is equal to the quotient of:

1) the sum of:

- (x) the number of shares of Common Stock outstanding immediately prior to such issuance or sale on a fully diluted basis, including shares of Common Stock issuable upon conversion of all then outstanding options, warrants, convertible securities and Series A Preferred Stock, multiplied by the Series A Preferred Stock Conversion Price then in effect; plus
- (y) the total consideration received by the Corporation upon such issuance and/or exercise of such convertible securities.

2) divided by:

the total number of shares of Common Stock outstanding immediately after such issue or sale, including shares of Common Stock issuable upon conversion of all then outstanding options, warrants, convertible securities and Series A Preferred Stock.

For purposes of the preceding quotient, the number of shares of Common Stock deemed outstanding as of a given date shall be the sum of: (x) the number of shares of Common Stock actually outstanding, (y) the number of shares of Common Stock into which the then outstanding shares of Series A

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Preferred Stock could be converted if fully converted on the given date, and (z) the number of shares of Common Stock that could be obtained through the exercise or conversion of all other rights, options and convertible securities on the given date.

(ii) For the purpose of this Section, the issuance of any warrants, options, subscriptions, or purchase rights with respect to Common Stock, and the issuance of any securities convertible into or exchangeable for Common Stock (or the issuance of any warrants, options or any rights with respect to such convertible or exchangeable securities) shall be deemed an issuance of Common Stock hereunder at such time at the Net Consideration Per Share (as hereinafter defined), and such issuance shall be deemed anti-dilutive hereunder which may require an adjustment to the Series A Preferred Stock Conversion Price then in effect if such Net Consideration Per Share, which may be received by the Corporation for such Common Stock, is less than the Series A Preferred Stock Conversion Price. Any obligation, agreement, or undertaking to issue warrants, options, subscriptions, or purchase rights at any time in the future shall be deemed to be an issuance at the time such obligation, agreement or undertaking is made or arises. No adjustment of the Series A Preferred Conversion Price shall be made under this Section upon the issuance of any Common Stock issued pursuant to the exercise of any warrants, options, subscriptions, or purchase rights, or pursuant to the conversion or exchange of any convertible or exchangeable securities (or the exercise of any such warrants, options or rights with respect to such convertible or exchangeable securities) if any adjustment shall previously have been made or deemed not required upon the issuance of any such warrants, options, or subscription or purchase rights, or upon the issuance of any such convertible or exchangeable securities (or upon the issuance of any warrants, options or rights with respect to such convertible or exchangeable securities) as above provided.

(iii) Should the Net Consideration Per Share of any such warrants, options, subscriptions, or purchase rights or convertible or exchangeable securities be increased or decreased from time to time, then, upon the effectiveness of each such change, the Series A Preferred Stock Conversion Price shall be adjusted to such as would have been in effect had the adjustments made upon the issuance of such warrants, options, rights or convertible or exchangeable securities been made upon the basis of the increased or decreased Net Consideration Per Share of such securities, and any adjustments otherwise made to the Series A Preferred Stock Conversion Price since the date of the issuance of such securities shall be recalculated to reflect such adjustment, provided however that no such adjustment shall be made hereunder in the event the change in the Net Consideration Per Share was a result of any adjustment in the Series A Preferred Stock Conversion Price itself. Any adjustment of the Series A Preferred Stock Conversion Price with respect to this paragraph which relates to warrants, options, subscriptions, purchase rights or convertible or exchangeable securities with respect to Common Stock shall be disregarded if, as, and when any such warrants, options, subscriptions, purchase rights or convertible or exchangeable securities expire or are canceled without being exercised, converted or exchanged,

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so that the Series A Preferred Stock Conversion Price effective immediately upon such cancellation or expiration shall be equal to the Series A Preferred Stock Conversion Price that would have been in effect had the expired or canceled warrants, options, subscriptions, purchase rights or convertible or exchangeable securities not been issued and any adjustments otherwise made shall be recalculated to reflect the cancellation of such adjustment.

(iv) For the purposes of this Section, the "Net Consideration Per Share" shall mean an amount equal to the total amount of consideration, if any, received by the Corporation for the issuance of such warrants, options, subscriptions or other purchase rights or convertible or exchangeable securities, plus the amount of consideration, if any, payable to the Corporation upon the exercise, conversion or exchange thereof, divided by the aggregate number of shares of Common Stock that would be issued if all such warrants, options, subscriptions, or other purchase rights or convertible or exchangeable securities were exercised, converted, or exchanged. The Net Consideration Per Share that may be received by the Corporation shall be determined in each instance as of the date of issuance of warrants, options, subscriptions, or other purchase rights or convertible or exchangeable securities, without giving effect to any possible future upward or downward price adjustments or rate adjustments which may be applicable with respect to such warrants, options, subscriptions or other purchase rights or convertible or exchangeable securities.

(v) For purposes of this Section, if part or all of the consideration received by the Corporation in connection with the issuance of Common Stock or the issuance of any of the securities described in this Section consists of property other than cash, such consideration shall be deemed to have a fair market value as reasonably determined in good faith by the Board of Directors of the Corporation.

(vi) Notwithstanding anything to the contrary contained herein, there shall be no adjustment of the Series A Preferred Stock Conversion Price as a result of the issuance of Common Stock upon the conversion of any Series A Preferred Stock. Furthermore, the provisions of this Section shall not be applied in any manner that would adjust the Series A Preferred Stock Conversion Price downward more than once for any single event pursuant to which an adjustment is provided hereunder.

(vii) In the event of an Extraordinary Common Stock Event, as defined below, the Series A Conversion Price shall be adjusted proportionately to give effect to such Extraordinary Common Stock Event. For purposes hereof, "Extraordinary Common Stock Event" shall mean: (a) the issuance of additional shares of Common Stock as a dividend or other distribution on the outstanding Common Stock or on any class or series of convertible preferred stock, unless such distribution is also made pro rata to holders of Series A Preferred Stock, (b) a subdivision of outstanding Common Stock into a greater number of shares of Common Stock, or (c) a combination of outstanding Common Stock into a smaller number of shares of Common Stock.

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(viii) Upon the happening of any event requiring an adjustment or change in the Series A Preferred Stock Conversion Price, the Corporation shall forthwith give written notice thereof to the holders of the Series A Preferred Stock stating the adjusted Series A Preferred Stock Conversion Price and/or the number of shares of Common Stock or securities or property receivable upon the conversion of the Series A Preferred Stock resulting from such event and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. The Board of Directors of the Corporation shall determine in good faith the computations made thereunder.

(ix) In addition to the foregoing, if any shares of Common Stock or other securities (or any stock or other securities convertible into or exchangeable for any such stock or securities) shall be issued or sold by the Corporation, or any other event shall occur that shall have the effect of diluting or enhancing the conversion rights of the holders of the Series A Preferred Stock in violation of the terms or in contravention of the intent hereof, then and in each such case the Series A Preferred Stock Conversion Price shall forthwith be adjusted, as required in the good faith opinion of the Corporation's Board of Directors, so as to protect the holders of the Series A Preferred Stock against the effect of such dilution or enhancement.

(x) Upon the occurrence of an event triggering the automatic conversion of Series A Preferred Stock as provided herein, the Corporation shall promptly give written notice to all holders of Series A Preferred Stock of such event. As soon as practicable after giving such notice, the Corporation shall issue and deliver or cause to be issued and delivered a certificate or certificates for the number of Common Stock issuable (or other shares, other securities, cash or other property issuable, deliverable or payable) upon such conversion in exchange for the certificates representing the Series A Preferred Stock converted pursuant to this Section 2, together with proper assignments of such certificates and such other documentation as then reasonably requested by the Corporation.

(5) Redemption.

(a) At any time after the sixth (6th) anniversary of the date hereof, so long as there has not occurred a closing of a Qualified IPO, any holder of Series A Preferred Stock then outstanding may demand, upon ninety (90) days notice to the Corporation, that the Corporation or a third party purchaser arranged by the Corporation, redeem all, or any portion of its shares of Series A Preferred Stock at a price per share equal to the Series A Preferred Stock Redemption Price, as defined below. Further, at any time after the seventh (7th) anniversary of the date hereof, so long as there has not occurred a closing of a Qualified IPO, the Corporation may, upon sixty (60) days notice to any holder of Series A Preferred Stock, redeem all or any portion of the shares of Series A Preferred Stock owned by such holder at a price per share equal to the Series A Preferred Stock Redemption Price. To the extent that the Corporation does not have funds legally available to it to redeem any or all of the Series A Preferred Stock as provided for above, such redemptions shall take place at the Series A Preferred Stock

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Redemption Price determined following the giving of such notice at such time and date as funds are legally available therefore. For purposes hereof, the "Series A Preferred Stock Redemption Price" shall mean the greater of: (i) \$2.36 per share of Series A Preferred Stock being redeemed, as adjusted for any stock split, share dividend, recapitalization or similar event on the Series A Preferred Stock, plus accrued but unpaid dividends (including the redemption value of any dividends paid in-kind) or (ii) the Fair Market Value (as defined below) of the shares of the Series A Preferred Stock being redeemed. "Fair Market Value" shall be an amount equal to, the greatest of (a) the fair market or total value of the Corporation or any successor thereto on a per fully diluted Common equivalent basis as established as of the date of the most recent Capital Transaction (as defined below) or as of the date of the most recent underwritten public offering, private placement or redemption of any of the capital stock of the Corporation (with an aggregate value of at least Five Hundred Thousand Dollars (\$500,000)), (b) the "Formula Value", defined as on a per fully diluted Common equivalent basis taking into consideration all options, warrants, convertible securities, or similar rights, the product of six (6) multiplied by the EBITDA Base (as defined below) for the twelve (12) month period immediately preceding the notice of Redemption (as determined by reference to the unaudited income statement most recently available of the Corporation (or the audited financial statements in the case of months constituting the fiscal year or any part thereof for which audited financial statements are available), prepared in accordance with generally accepted accounting principles (subject, in the case of interim financial statements, to normal year end adjustments), or (c) the appraised value of the shares of the Series A Preferred Stock to be redeemed (without giving any value or effect to the liquidation preference or control provisions of the Series A Preferred Stock or the voting block of shares of Common Stock represented thereby on an as-converted basis), as determined by an independent, third party appraisal conducted by an investment banking or accounting firm knowledgeable in the business of the Corporation and reasonably acceptable to both the holders of a majority of the then outstanding shares of Series A Preferred Stock and the Corporation; provided, that if the parties cannot agree on the firm to conduct an appraisal, then each party shall select an investment banking or accounting firm and the appraised value shall be the arithmetic mean of the two appraisals.

For purposes hereof: (x) "EBITDA Base" for any period shall mean, on a consolidated basis without duplication, (i) Net Income; plus (ii) for such period any Interest Expense deducted in the determination of Net Income; plus (iii) any income and franchise tax expense either paid in cash or accrued in the ordinary course of business and included in the determination of Net Income; plus (iv) amortization and depreciation deducted in determining Net Income for such period; plus (v) extraordinary losses, losses on sales of assets (other than sales of inventory in the ordinary course of business) and unrealized gains from changes in currency; minus (vi) the sum for such period of interest income and unrealized losses from changes in currency. "Net Income" means, for any period, the aggregate of the net income (or net loss) of Corporation for such period, determined in accordance with generally accepted accounting principles, but excluding, without duplication: (i) the income of any person in which Corporation

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has an ownership interest, unless received by Corporation in a cash distribution; (ii) any net after-tax gains or losses (net of all fees and expenses relating thereto) attributable to dispositions of assets; (iii) the income of any subsidiary of Corporation to the extent that the declaration or payment of dividends or similar distributions by that subsidiary of that income is not at that time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that subsidiary; and (iv) any after-tax extraordinary non-cash gains or extraordinary non-cash losses; (y) "Interest Expense" means, for any period, the total amount of all charges for the use of funds (whether characterized as interest, debt service or otherwise) payable during such period with respect to all indebtedness for borrowed money of the Corporation for such period, including the amortization of debt discounts and the amortization of all fees payable in connection with the incurrence of such indebtedness; and (z) "Capital Transaction" shall mean either: (i) one or more mergers, consolidations, liquidations of the Corporation, the liquidation of any subsidiary of the Corporation that constitutes more than fifty percent (50%) of the total assets or net income of the Corporation or other corporate actions pursuant to which the Corporation receives cash, securities or other property; or (ii) at least a majority of the Common of the Corporation or capital stock of the Corporation possessing the voting power to elect a majority of the directors is sold by the holders thereof or issued by the Corporation.

(b) Provided Provident then beneficially owns in the aggregate at least twenty-five percent (25%) of the Series A Preferred Stock issued to it by the Corporation, then Provident shall have the right, but not the obligation, to demand the redemption of the Series A Preferred Stock then beneficially owned by Provident in the event of the death of Joseph D. Doyle, Jr. and/or John R. Marshall. Said redemption shall be up to a value of one million dollars (\$1,000,000) in the case of the death of Mr. Doyle and one million dollars (\$1,000,000) in the case of the death of Mr. Marshall, and shall be paid for by key man life insurance proceeds to be received by the Corporation in the event of either or both of such person's death. The value of the Series A Preferred Stock shall be \$2.36, as adjusted for stock splits, share dividends, recapitalization or similar event on the Series A Preferred Stock, plus accrued and unpaid dividends. Any such life insurance proceeds shall be placed by the Corporation, if and when received, in escrow, with an escrow agent acceptable to Provident, and which acceptability by Provident cannot be unreasonably withheld or delayed. Said escrow shall be for the benefit of Provident in the event Provident determines within one hundred eighty (180) days from the date of death of such insured person to require the Corporation to redeem such Series A Preferred Stock as aforesaid then beneficially owned by Provident. The premiums of such life insurance policies shall be paid for by the Corporation. Notwithstanding the foregoing no such redemption of the Series A Preferred Stock shall be effectuated if such redemption is then in contravention of applicable law and/or regulation and the ability of the Corporation to maintain such policies may be subject to, among other things, the insurability of such person and the ability of the Corporation to have, possess and/or retain an insurable interest in Mr. Doyle and/or Mr. Marshall.

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(D) Issuance of Capital Stock.

Excluding shares of the Corporation's capital stock: (a) issuable upon the exercise of any outstanding options or warrants as of the date of the filing of these Articles of Amendment to the Amended and Restated Articles of Incorporation of the Corporation, but excluding the Non-Dilutive Warrants, as defined above, (b) issuable upon the exercise of any options granted or to be granted under the Corporation's 2001 Stock Option Plan, (c) issuable upon the conversion of the Series A Preferred Stock owned by Provident or any Follow-On Investor, as defined above, (d) issuable by the Corporation as a dividend or distribution on outstanding shares of the Corporation's capital stock, (e) up to an additional 212,048 shares of Series A Preferred Stock that may be issued to Provident by the Corporation within six months from the date of the filing of these Articles of Amendment to the Amended and Restated Articles of Incorporation of the Corporation, (f) issuable to any Follow-On Investors, as defined above, or (g) issuable to any person or entity who is a shareholder of the Corporation as of the date of the filing of these Articles of Amendment to the Amended and Restated Articles of Incorporation of the Corporation (but excluding Provident, Joseph D. Doyle Family Trust, John R. and Barbara A. Marshall, JTWROS, E. Scott Davis, J. Bill McKinney, and Gavin T. Brady (collectively the "Parties")), the Corporation may offer, exclusive of derivative securities, such additional shares of its capital stock to investors from time to time upon such terms and conditions as the Corporation's Board of Directors then determines to be fair and reasonable (the "Additional Shares"), provided the Corporation must first offer such Additional Shares to the Parties by issuing a written notice to all of the Parties advising them of the amount and terms of sale of any such Additional Shares, and soliciting interest for the purchase of such Additional Shares by such Parties (an "Offer Request"). If a Party desires to purchase any Additional Shares, such Party must issue to the Corporation, no later than 15 days after the date of the Offer Request, an offer specifying the maximum amount of Additional Shares that such Party desires to purchase, on the terms specified in the Offer Request (a "Subscription Offer"). The Corporation shall accept all such Subscription Offers, subject to compliance with applicable law and/or regulation, except that if Subscription Offers are received that in the aggregate exceed the total number of Additional Shares referred to in the Offer Request, the Corporation shall partially accept Subscription Offers in amounts determined by multiplying the amount of Additional Shares referred to in the Offer Request by a fraction, the numerator of which is the number of shares of capital stock of the Corporation held by the Party submitting a Subscription Offer, and the denominator of which is the sum of the aggregate number of shares held by all Parties submitting Subscription Offers. Such fraction shall be proportionately adjusted, however, if any such Party specifies in the Offer Request a maximum number of Additional Shares that is less than the number of Additional Shares that such Party would otherwise be entitled to purchase hereunder. The foregoing notwithstanding, Provident may not acquire Additional Shares which, together with shares beneficially owned by it, would result in the aggregate shares beneficially owned by Provident exceeding twenty-five percent (25%) of the Corporation's then total issued and outstanding shares (after giving effect to the Additional Shares to be issued by the Corporation) of capital stock, and which calculation shall be determined with respect to any outstanding Series A Preferred Stock beneficially owned by Provident on an as-converted to Common Stock basis), without the prior written approval of the Corporation's Board of Directors. Any other shares of capital stock of the Corporation,

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excluding Common Stock, not beneficially owned by Provident shall be calculated in determining the total number of shares of capital stock then outstanding on an as-converted to Common Stock basis. Any unsold Additional Shares after acceptance of Subscription Offers pursuant to the terms of hereof can then be sold to other investors, but only on the same terms as were specified in the Offer Request. Purchasers of any such Additional Shares must execute a shareholders agreement with the Parties and the Corporation in form and substance agreeable to the Parties, unless such Parties and the Corporation agree otherwise. In addition, the provisions of this Section do not apply in the case of a public offering of shares of capital stock of the Corporation pursuant to a registration statement filed with the Securities and Exchange Commission, or the issuance or exercise of options or warrants granted pursuant to any stock option plan or other compensation arrangement which has been approved by the Corporation. Notwithstanding anything contained herein to the contrary, the afore-described applicable time period and procedure for the offering of the Additional Shares to the Parties and/or third parties may be modified to the extent required in the reasonable opinion of the Corporation's Board of Directors to comply with applicable securities laws and/or regulations, including, without limitation, the preparation and delivery of appropriate disclosure and/or offering materials. In addition, a Party hereunder shall exclude a Party who ceases to beneficially own any shares of capital stock of the Corporation.

ITEM III

These amendments shall be effective as of October 23, 2001.

ITEM IV

These amendments were duly adopted and approved of by the unanimous written consent of the Board of Directors of the Corporation, and by the written consent executed by a majority of the shareholders of the Corporation, on October 17, 2001, in accordance with Sections 607.0821 and 607.0704 of the Florida Business Corporation Act; and the number of shareholders consenting to these amendments was sufficient for their approval.

ITEM V

Except as hereby amended, the Amended and Restated Articles of Incorporation of the Corporation shall remain the same.

IN WITNESS WHEREOF, these Articles of Amendment to the Amended and Restated Articles of Incorporation of the Home 1-2-3 Corp. are hereby executed as of October 23, 2001.

HOME 1-2-3 CORP.

By: 

John R. Marshall, Executive Vice President
and Chief Executive Officer