

FILED EFFECTIVE

2003 SEP 16 AM 8:37

PLAN AND AGREEMENT OF MERGER

CLERK OF STATE
STATE OF IDAHO
This Plan and Agreement of Merger (the "Agreement"), effective SEPT 30, 2003, by and between Petterson Associates, Inc., an Idaho corporation ("PA") and Petterson Supply, Inc., an Idaho corporation ("PS") all on the terms and conditions as set forth herein. PA and PS are referred to collectively herein as the "Parties".

RECITALS

A. PA is an Idaho corporation that is currently in good standing with the state of Idaho. PA's shareholders are Bart Petterson and Lee Longson who together own all of the outstanding shares of stock of the corporation.

B. PS is an Idaho corporation that is currently in good standing with the state of Idaho. PS's shareholders are Bart Petterson and Lee Longson who together own all of the outstanding shares of stock of the corporation.

C. The Parties believe that it is in their best business interests to effectuate a merger between them with PA being the surviving company (the "Merger"). The Parties intend that the merger qualify in all respects as a reorganization pursuant to Internal Revenue Code §368(a)(1)(A) and related statutory provisions.

D. The Board of Directors and Shareholders of PA and PS have approved this Agreement by unanimous vote.

NOW THEREFORE, in consideration of the following covenants, conditions and mutual promises, the parties agree as follows.

1. **Recitals.** The Recitals set forth above are true and correct and incorporated herein by this reference.

2. **Parties to the Merger.** The following corporations constitute the Parties to the Merger:

- a. Petterson Associates, Inc., an Idaho corporation ("PA"); and
- b. Petterson Supply, Inc., an Idaho corporation ("PS").

3. **Name of Surviving Company.** The Surviving Company of the Merger shall be PA, whose chief executive office is located at 204 Ellen Street, Boise, Idaho 83714.

4. **Pre-Merger Ownership Schedules.**

a. PA's respective ownership, by all outstanding shares of stock, prior to the Merger is as follows. All outstanding shares of stock in PA consist of common voting stock.

SHAREHOLDER'S NAME	NO. OF SHARES
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Bart Petterson	1,020
Lee Longson	980

b. PS's respective ownership, by all outstanding shares of stock, prior to the Merger is as follows. All outstanding shares of stock in PS consist of common voting stock.

SHAREHOLDER'S NAME	NO. OF SHARES
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Bart Petterson	1,020
Lee Longson	980

5. **Agreement of Merger.** As of the Effective Date, as defined in Paragraph 17 below, and pursuant to Idaho law, the Parties will merge into a single company, which shall be Petterson Associates, Inc. As of the Effective Date, PS shall cease to exist.

6. **Amendment to Corporate Documents.** PA's Articles of Incorporation, as well as any of its other corporate documents, including but not limited to a buy-sell agreement, shall be amended as necessary to properly reflect the terms and conditions of the Merger and the changes caused thereby. PA's corporate documents, with any amendments thereto, shall be the controlling corporate documents post-Merger.

7. **Directors and Officers.** The duly elected directors and officers of PA immediately prior to the Effective Date of the Merger shall continue to be the directors and officers post-Merger until their respective successors are duly elected and qualified.

8. **Manner and Basis for Conversion of Shares.** As of the Effective Date of the Merger, PA shall issue to the PS shareholders one share of PA common voting stock for each share of stock held by the shareholders in PS. All outstanding shares of PS stock shall then be cancelled.

9. **Effect of Merger.** As of the Effective Date, the Merger will have the following effects:

- a. The Parties to the Merger shall become part of PA.
- b. PS shall cease to exist.

c. PA shall possess all the rights, privileges, immunities and powers of PS and shall be subject to all the restrictions, disabilities and duties of PS to the extent such rights, privileges, immunities, powers, franchises, restrictions, disabilities and duties are applicable to PA.

d. All property, real, personal and mixed, and all debts due on whatever account, all other causes in action, and all and every other interest of or belonging to or due to PS shall be vested in PA without further act or deed.

e. The title to all real estate, any other property and any interest therein owned by PS shall vest in PA and shall not revert or be in any way impaired by reason of the Merger.

f. PA shall be liable for all liabilities and obligations of PS and any claim existing, or action, or proceeding pending by or against PS may be prosecuted as if the Merger had not taken place, or PA may be substituted in the action.

g. The Articles of Incorporation of PA are amended, if applicable, as provided in this Agreement.

h. The shares of PS that are to be converted into shares of PA are so converted as provided in this Agreement.

i. If at any time after the Merger becomes effective it shall appear to PA that any further assignments or assurances are necessary or desirable to evidence the vesting in PA of the title to any of the property or rights of PS, those persons who were the proper officers of PS as of the effective date of the Merger shall execute, acknowledge and deliver such assignments or other instruments and do such acts as may be necessary or appropriate to evidence the vesting of title to such property or rights in PA. For such purposes, the capacity and authority of PS and the respective officers of PS shall be deemed to be continuing.

10. **Accounting and Stated Capital.** As of the Effective Date, subject to such changes, adjustments or eliminations as may be made in accordance with generally accepted accounting principles:

a. The assets and liabilities of PS shall be recorded in the accounting records of PA at the amounts at which they were carried at that time of the Merger in the accounting records of PS; and

b. The stated capital with which PA shall begin business immediately after the effective date of the Merger is approximately One Million One Hundred Thousand Dollars (\$1,100,000).

11. Representations and Warranties of PA. PA makes the following representations and warranties:

- a. That it is a corporation validly formed, existing and currently in good standing with the laws of the state of Idaho, and has all powers necessary to engage in the business in which it is presently engaged.
- b. That its Board of Directors and Shareholders have approved this Plan and Agreement of Merger in accord with all requirements of Idaho law.
- c. That it currently has 2,000 shares of common voting stock issued and outstanding, that its shareholders are Bart Petterson and Lee Longson, and that said Shareholders own all of the outstanding shares of stock as set forth in Paragraph 4(a) above.
- d. That between the time period of the date of this Agreement and the Effective Date of the Merger, it will not enter into any employment contracts, grant any stock options, issue any shares of stock, or make other distributions on or with respect to its stock.
- e. That it is not in violation of any provisions of its Articles of Incorporation, any of its other governing corporate documents, or any provision of law.
- f. That all representations made herein are true and correct.

12. Representations and Warranties of PS. PS makes the following representations and warranties:

- a. That it is a corporation validly formed, existing and currently in good standing with the laws of the state of Idaho, and has all powers necessary to engage in the business in which it is presently engaged.
- b. That its Board of Directors and Shareholders have approved this Plan and Agreement of Merger in accord with all requirements of Idaho law.
- c. That it currently has 2,000 shares of common voting stock issued and outstanding, that its shareholders are Bart Petterson and Lee Longson, and that said Shareholders own all of the outstanding shares of stock as set forth in Paragraph 4(b) above.
- d. That between the time period of the date of this Agreement and the Effective Date of the Merger, it will not enter into any employment contracts, grant any stock options, issue any shares of stock, or make other distributions on or with respect to its stock.
- e. It is not in violation of any provisions of its Articles of Incorporation, any of its other governing corporate documents, or any provision of law.
- f. All representations made herein are true and correct.

13. Conditions Precedent to PA's Duty. PA shall have no duty to close the Merger unless and until each and every one of the following conditions precedent has been fully and completely satisfied; provided, that PA may waive such conditions to the extent legally permissible:

a. In all material respects, the representations and warranties of PS contained herein shall continue to be true and correct.

b. PS shall have substantially performed or tendered performance of each and every one of its material obligations hereunder which by its terms is capable of performance on or before the Effective Date.

c. No lawsuit, administrative proceeding, government inquiry, investigation or other legal action shall have been started, filed or initiated which seeks to restrain or enjoin the Merger or any material part thereof.

14. Conditions Precedent to PS's Duty. PS shall have no duty to close the Merger unless and until each and every one of the following conditions precedent has been fully and completely satisfied; provided that PS may waive such conditions to the extent legally permissible:

a. In all material respects, the representations and warranties of PA contained herein shall continue to be true and correct.

b. PA shall have substantially performed or tendered performance of each and every one of its material obligations hereunder which by its terms is capable of performance on or before the Effective Date.

c. No lawsuit, administrative proceeding or other legal action shall have been filed which seeks to restrain or enjoin the Merger or any material part thereof.

15. Items to be Delivered by PA. On or before the Effective Date, PA shall, unless waived by PS, deliver the following items to PS's shareholders:

a. Certificates evidencing ownership by the PS shareholders of common voting stock in PA, all on the terms and conditions as set forth in this Agreement.

b. Copies of PA's Articles of Incorporation and any other corporate governing documents.

16. Items to be Delivered by PS. On or before the Effective Date, PS shall, unless waived by PA, deliver the following items to PA:

a. A schedule of all property, assets, and inventories owned by PS.

b. A schedule of all accounts receivable and accounts payable of PS.

- c. A finance statement.
- d. All corporate books and records, including all financial records.
- e. All titles, warranties, repair records, manuals, receipts and any all other documents related to PS's property, assets and inventory.
- f. An executed state of Idaho sales and/or use tax form evidencing the Merger of the Parties.
- g. All documents necessary to transfer all rights, title and interest in and to PS's assets, property and inventories.
- h. All assignments, releases, warranties, lists, schedules and any other documents to effectuate the Merger between the Parties.

17. **Effective Date.** This Agreement is entered into and became effective on SEPT 30, 2003.

18. **Entire Agreement.** This Agreement and the Exhibits hereto embody the entire agreement between the Parties relative to the subject matter hereof, and there are no oral or parol agreements existing between the Parties concerning the subject matter hereof which are not expressly set forth and covered hereby. The Parties acknowledge that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding on either party. No modification of this Agreement shall be valid unless in writing executed by the Parties.

19. **Additional Acts.** Except as otherwise provided herein, in addition to the acts and deeds recited herein and contemplated to be performed, executed, and/or delivered by any party, the Parties hereto agree to perform, execute, and/or deliver, or cause to be performed, executed, and/or delivered, any and all such further acts, deeds, and assurances that any party may reasonably require to consummate the transaction contemplated hereby.

20. **Construction.** This Agreement shall be construed under and in accordance with the laws of the state of Idaho.

21. **Time of the Essence.** Time is of the essence of this Agreement.

22. **Attorney's Fees.** Should any party employ an attorney or attorneys to enforce any of the provisions hereof, or to protect its interest in any manner arising under this Agreement as a result of an alleged breach by a party, or to recover damages for the breach of this Agreement, the prevailing party in such action shall be entitled to recover its costs, including reasonable attorney's fees, expended or incurred in connection therewith.

23. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors, and permitted assigns.

24. **Representation; Preparation of Agreement.** Each of the Parties has been represented by independent counsel. No presumption shall exist in favor of or against any party to this Agreement as the result of the drafting and preparation thereof.

25. **Severability.** If any term, covenant, condition or agreement of this Agreement or the application of it to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant, condition or agreement to persons or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition or agreement of this Agreement shall be valid and shall be enforced to the extent permitted by law.

26. **Counterparts; Facsimile.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but together which shall constitute one and the same instrument. An executed version of this Agreement that has been signed and transmitted by facsimile or other electronic or mechanical means shall be deemed an original. At the request of either party, the Parties will confirm a facsimile transmission of an executed document by signing an original document.

IN WITNESS WHEREOF, the Parties hereto have set their hands hereunder as of the effective date first set forth above.

**PETTERSON ASSOCIATES, INC., an Idaho
corporation ("Surviving Company")**

By: Lee Longson
Lee Longson, President

**PETTERSON SUPPLY, INC., an Idaho
corporation ("Merging Company")**

By: Bart Peterson
Bart Peterson, President

2003 SEP 16 AM 8:37 ARTICLES AND STATEMENT OF MERGER

Pursuant to Idaho Code § 30-1-1105, the undersigned parties adopt the following Articles and Statement of Merger:

1. PARTIES TO THE MERGER. The names of the Parties to the Merger and their jurisdiction of formation are as follows:

a. Petterson Associates, Inc., an Idaho corporation. The shareholders and their respective ownership interests are: (1) Bart Petterson, 1,020 shares, fifty-one percent (51%) owner; and Lee Longson, 980 shares, forty-nine percent (49%) owner.

b. Petterson Supply, Inc., an Idaho corporation. The shareholders and their respective ownership interests are: (1) Bart Petterson, 1,020 shares, fifty-one percent (51%) owner; and Lee Longson, 980 shares, forty-nine percent (49%) owner.

2. PLAN OF MERGER. Attached hereto as Exhibit "A" and incorporated by this reference is a Plan of Merger adopted by the Parties.

3. APPROVAL OF PLAN OF MERGER. The Board of Directors of each Party to the Merger has approved the Plan of Merger by unanimous vote and recommended its approval to the shareholders of each corporation. The outstanding shares of stock of each Party to the Merger consist of common voting stock and the shareholders of those outstanding shares unanimously voted to approve the Merger. Each Party to the Merger has duly executed the Plan of Merger.

4. NAME OF THE SURVIVING CORPORATION. The Surviving Corporation of the Merger is Petterson Associates, Inc., an Idaho corporation, whose chief executive office is located at 204 Ellen Street, Boise, Idaho 83714.

5. EFFECTIVE DATE OF THE MERGER. The effective date of the Merger shall be SEPT 30, 2003.

6. ACCESS TO PLAN OF MERGER. A copy of the Plan of Merger is on file at the principal office of Petterson Associates, Inc., the Surviving Corporation, located at 204 Ellen Street, Boise, Idaho 83714. A copy of the Plan of Merger will be furnished by the Surviving Corporation, on request and without cost, to any person holding an interest in a business entity that is a party to the Merger.

[Signature Page Follows]

IDAHO SECRETARY OF STATE
09/16/2003 05:00
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EFFECTIVE: SEPT 30,, 2003.

"SURVIVING CORPORATION"

**PETTERSON ASSOCIATES, INC., an Idaho
corporation**

By: Lee Longson
Lee Longson, President

"MERGING CORPORATION"

**PETTERSON SUPPLY, INC., an Idaho
corporation**

By: Bart Peterson
Bart Peterson, President