

MERGER AGREEMENT

THIS AGREEMENT, Made and entered into this 29th day of June, 1968, by and between STATES INVESTMENT CORPORATION, an Idaho corporation, and the undersigned directors of said corporation (hereinafter sometimes jointly referred to as "STATES" and PROFIT WATCHERS, INC., an Oregon corporation, and the undersigned directors of said corporation (hereinafter sometimes jointly referred to as "PWI"),

WITNESSETH:

WHEREAS, STATES is a corporation duly organized and existing under the laws of the State of Idaho, with an authorized capitalization of 10,000 shares of capital stock at no par value, of which 3553 are currently issued and outstanding, and an additional 600 shares are deemed fully paid but have not been issued as of this date; and

WHEREAS, PWI is a corporation duly organized and existing under the laws of the State of Oregon, with an authorized capitalization of 1,000 shares of common stock at \$10.00 per share par value, of which 400 shares are currently issued and outstanding; and

WHEREAS, STATES and PWI, acting through their respective Boards of Directors, desire to merge pursuant to the statutes of the States of Idaho and Oregon, and for such purpose agree as hereinafter appears;

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions hereinafter contained, and in compliance with the statutes of the States of Idaho and Oregon, it is hereby agreed that the said STATES INVESTMENT CORPORATION, an Idaho corporation, and PROFIT WATCHERS, INC., an Oregon corporation, shall be and they are hereby merged into STATES INVESTMENT CORPORATION, and that the said constituent corporations shall

hereafter be the single corporation, STATES INVESTMENT CORPORATION existing under the laws of the State of Idaho, which is hereby designated as the surviving corporation. The terms and conditions of said merger shall be as set forth in the following Articles of Merger:

ARTICLE I

The name of the surviving corporation shall be STATES INVESTMENT CORPORATION, and its corporate existence shall be governed by the laws of the State of Idaho.

ARTICLE II

The properties of the two constituent corporations which are to be merged consist of interests and estates in real property, mortgages, deeds of trust, stocks, securities, cash in banks and otherwise held, franchises, leases, accounts receivable, trade marks and trade names, and other property, tangible and intangible, both real and personal.

ARTICLE III

The Articles of Incorporation of STATES, as amended and existing on the effective date of this merger, shall be the Articles of Incorporation of the surviving corporation.

ARTICLE IV

The By-Laws of STATES, as amended and existing on the effective date of this merger, shall be the By-Laws of the surviving corporation, except that upon ratification of this Merger Agreement said By-Laws shall be deemed amended in the following particulars (and may thereafter be amended, repealed, or added to as provided in the Articles of Incorporation and By-Laws of STATES):

ARTICLE 7 of the By-Laws of STATES is amended to read:

"Except as hereinafter provided, and as otherwise provided by law, at any meeting of the stockholders, two-thirds (2/3) of all of the

capital stock issued and outstanding, represented by stockholders of record in person or by proxy in writing, shall constitute a quorum. When a quorum is present at the commencement of a meeting, the subsequent withdrawal of enough shareholders to leave less than a quorum shall not affect the validity of the acts done at such meeting, and those shareholders remaining present may continue to transact business as if a quorum were present. A majority vote of the shareholders present at the time the vote is taken shall be sufficient for all purposes, unless the question is one upon which by express provision of law, or of the Articles of Incorporation, of these By-Laws elsewhere contained, a larger or different vote is required, in which case such express provisions shall govern and control the decision of such question."

ARTICLE 8 of the By-Laws of STATES is amended to read:

"Stockholders of record may vote at any meeting either in person or by proxy, executed in writing and subscribed by the shareholder or by attorney in fact, duly authorized. Voting for directors shall be by cumulative voting, as required by the laws of the State of Idaho."

ARTICLE 9 of the By-Laws of STATES is amended to read:

"A board of directors shall be chosen by ballot at the annual meeting of the stockholders, or any meeting held in place thereof, as provided by law; the number of directors of this corporation shall be four (4) directors. Each director shall serve until the next annual meeting of the stockholders and until his successor is duly elected and qualified. Vacancies shall be filled as provided in Article 20, regardless of the reason for existence of such."

ARTICLE V

The manner of carrying the merger into effect and of converting the shares of PWI into shares of STATES is as follows:

A. Upon the merger of STATES and PWI, the separate existence of PWI shall cease and STATES, without other transfer being required, shall succeed to and become the owner of all the rights, assets, and properties of both constituent corporations, and all the rights, privileges, franchises, property, receivables, contracts, and leases of both corporations, of whatever kind, without further act or deed shall be deemed transferred to and vested in STATES,

and STATES shall assume and be subject to all debts, liabilities, and outstanding contracts of both corporations.

B. STATES reserves the right to alter, amend or repeal its Articles of Incorporation as constituted on the date of this merger, in the manner now or hereafter prescribed by law, or in said Articles, and all rights and powers of whatever nature conferred in said Articles of Incorporation or conferred hereunder upon stockholders, directors, officers, or any other person whomsoever, are subject to this reserved power (it being understood, however, that those stockholders of PWI whose shares have been converted into shares of STATES, would have the same voting rights as all other shareholders of STATES upon any such question).

C. All of the officers and directors of STATES on the effective date of the merger shall continue in the same offices and directorships of the surviving corporation, and in addition THOMAS M. O'DONNELL, an officer and director of PWI, shall on the date of the merger become a director of the surviving corporation, and shall become a Vice President of the surviving corporation.

D. The manner and basis of converting the shares of PWI into shares of STATES is as follows:

1. As of the effective date of the merger, an "exchange value" for the 400 issued and outstanding shares of PWI shall be determined by the accountants or other authorized representatives of PWI and STATES, (and if such representatives cannot agree, one representative of PWI, and one representative of STATES shall agree upon a third person to participate in such determination, and the decision of a majority of such three persons shall be conclusive upon both PWI and STATES), in accordance with the formula herein stated.

2. The "exchange value" (it being understood that such term is not synonymous with "market value", as more fully stated in the Agreement in Principle between the authorized representatives of STATES and PWI dated June 18, 1968) of PWI shares shall be determined by performing the following calculation:

Determine the total of: \$160,000.00, plus Cash on Hand of PWI as of the effective merger date, plus gross cash receipts for May and June billings of PWI (regardless of actual date received).

From the total so derived, subtract the total amount of liabilities of PWI as of the effective merger date.

The balance remaining after such subtraction is the total "exchange value" of the 400 issued and outstanding shares of PWI.

3. The "exchange value" of STATES shares is agreed to be \$221.00 per share. The total "exchange value" of PWI shares shall therefore be divided by \$221.00, and the quotient from such division calculation shall be the number of shares of STATES which shall be issued to the shareholders of PWI in exchange for the 400 issued and outstanding shares of PWI, which said PWI shares shall be delivered to STATES for cancellation. Fractional shares of STATES shall not be issued, and in lieu of any fractional share which would otherwise be issuable from the foregoing calculations, the PWI shareholder may, at his option, receive from STATES in cash such fractional portion of the sum of \$221.00, or may pay to STATES in cash the difference between such fractional portion and \$221.00, and be issued one full share of STATES stock.

E. Both STATES and PWI and, by ratification of this Merger Agreement, the shareholders of each, do hereby agree and covenant that all shares of stock outstanding on the date hereof, including shares deemed fully paid but unissued, whether of PWI or STATES, shall be deemed fully paid, validly issued if issued, or validly issued when issued, as the case may be, and non-assessable. The consideration forming the basis for deeming any of said shares fully paid in either constituent corporation shall incontestably be deemed adequate and fair in every instance, by the surviving corporation and its shareholders.

F. PWI, through its officers and directors in office on the effective merger date, shall, from time to time, as requested by STATES, execute such documents in the name of PWI, and do such other acts and things, or cause them to be done, as STATES shall deem reasonably necessary or advisable in order to vest in and confirm to STATES title to and possession of all of the rights, properties, assets and business of PWI, and otherwise to carry out the full intent and purpose of this agreement of merger, including participation in such litigation or proceedings as STATES shall deem reasonably required to carry out the full intent and purpose of this agreement of merger, and to consummate this agreement.

G. STATES shall pay all expenses of effecting this merger, and shall therefore determine expenses to be incurred for that purpose.

ARTICLE VI

Each constituent corporation acknowledges that it has had an opportunity to inspect and verify the books and records, assets, and business of the other, and enters into this agreement in reliance upon its own independent investigation, and not upon any promise or representation on the part of the other, unless the same be specifically set forth in writing herein.

ARTICLE VII

Each constituent corporation agrees to forthwith proceed to accomplish approval of this agreement by its shareholders.

ARTICLE VIII

Notwithstanding anything to the contrary herein, this merger shall be effective on September 1, 1968, at 12:01 A.M. of said date, for all purposes except with regard to the provisions of subparagraph "D" of Article V of these Articles of Merger, and for purposes of subparagraph "D" the effective merger date

shall be that date when this Merger Agreement has been approved by vote of the shareholders of both corporations as provided by law.

ARTICLE IX

Each constituent corporation agrees to execute such supplemental agreements as appear desirable or necessary to effectuate and implement the intent and purposes of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Merger Agreement to be executed by their respective officers and directors, duly authorized by the proper action of their respective boards of directors, as of the date first above written.

(Corporate Seal)

STATES INVESTMENT CORPORATION,
an Idaho corporation,

By

Jerry L. Caven
President

ATTEST:

Will R. Long
Secretary

FOR STATES INVESTMENT CORPORATION:

Jerry L. Caven
JERRY L. CAVEN

Will R. Long
WILL R. LONG

(Corporate Seal)

Duane H. Stueckle
DUANE H. STUECKLE

THE ENTIRE BOARD OF DIRECTORS

ATTEST:

Will R. Long
Secretary

(Corporate Seal)

PROFIT WATCHERS, INC.,
an Oregon corporation,

By

John J. O'Donnell
President

ATTEST:

Thomas M. O'Donnell
Secretary

FOR PROFIT WATCHERS, INC.:

Thomas M. O'Donnell
THOMAS M. O'DONNELL

John J. O'Donnell
JOHN J. O'DONNELL

James L. O'Donnell
JAMES L. O'DONNELL

(Corporate Seal)

THE ENTIRE BOARD OF DIRECTORS

ATTEST:

Thomas M. O'Donnell
Secretary

STATE OF IDAHO)
) ss.
COUNTY OF ADA)

On this 29th day of June, 1968, before me, the undersigned, a Notary Public in and for said State, personally appeared JERRY L. CAVEN and WILL R. LONG, known to me to be the President and Secretary, respectively, of STATES INVESTMENT CORPORATION, the corporation whose name is subscribed to the within instrument, and acknowledged to me that they executed the same for and on behalf of said corporation.

On this 29th day of June, 1968, before me, the undersigned, a Notary Public in and for said State, personally appeared JERRY L. CAVEN, WILL R. LONG, and DUANE H. STUECKLE, known to me to be three of the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same as Directors of STATES INVESTMENT CORPORATION.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

August J. Edel
Notary Public for the State of Idaho
Residing at Boise, Idaho
Commission Expires August 15, 1971

STATE OF OREGON)
) ss.
COUNTY OF MULTNOMAH)

On this 25 day of July, 1968, before me, the undersigned, a Notary Public in and for said State, personally appeared JOHN J. O'DONNELL and THOMAS M. O'DONNELL, known to me to be the President and Secretary, respectively, of PROFIT WATCHERS, INC., the corporation whose name is subscribed to the within instrument, and acknowledged to me that they executed the same for and on behalf of said corporation.

On this 25 day of July, 1968, before me, the undersigned, a Notary Public in and for said State, personally

appeared THOMAS M. O'DONNELL, JOHN J. O'DONNELL, and JAMES L. O'DONNELL, known to me to be three of the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same as Directors of PROFIT WATCHERS, INC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

LaVon Hassmiller

Notary Public for Oregon
Residing at *Oregon*
Commission Expires ~~My~~ Commission Expires Dec. 12, 1970

CERTIFICATE OF RATIFICATION AND ADOPTION
OF MERGER AGREEMENT

(STATES INVESTMENT CORPORATION)

STATE OF IDAHO)
)ss.
COUNTY OF ADA)

JERRY L. CAVEN and WILL R. LONG, being first duly sworn, depose and say:

That they are the duly elected and acting President and Secretary, respectively, of STATES INVESTMENT CORPORATION, an Idaho corporation; and that at a duly held meeting of the Shareholders of said corporation held on the 1st day of July, 1968, whereat all of the shareholders of said corporation were present in person or by proxy, a unanimous vote was cast approving and ratifying the above and foregoing Merger Agreement between STATES INVESTMENT CORPORATION, an Idaho corporation, and PROFIT WATCHERS, INC., an Oregon corporation, in witness whereof we have affixed hereto the corporation seal of said corporation.

(Corporate Seal)

Jerry L. Caven
JERRY L. CAVEN

Will R. Long
WILL R. LONG

SUBSCRIBED AND SWORN TO before me this 30 day of August, 1968.

Wright Bidel
Notary Public for Idaho
Residing at Boise, Idaho
Commission Expires August 15, 1971.

CERTIFICATE OF RATIFICATION AND ADOPTION
OF MERGER AGREEMENT

(PROFIT WATCHERS, INC.)

STATE OF OREGON)
)ss.
COUNTY OF MULTNOMAH)

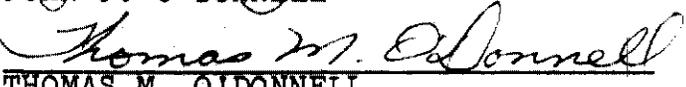
JOHN J. O'DONNELL and THOMAS M. O'DONNELL, being first duly sworn, depose and say:

That they are the duly elected and acting President and Secretary, respectively, of PROFIT WATCHERS, INC., an Oregon corporation; and that at a duly held meeting of the Shareholders of said corporation held on the 1st day of July, 1968, whereat all of the shareholders of said corporation were present in person, a unanimous vote was cast approving and ratifying the above and foregoing Merger Agreement between STATES INVESTMENT CORPORATION, an Idaho corporation, and PROFIT WATCHERS, INC., an Oregon corporation, in witness whereof we have affixed hereto the corporation seal of said corporation.

(Corporation Seal)



JOHN J. O'DONNELL



THOMAS M. O'DONNELL

SUBSCRIBED AND SWORN TO before me this 25 day of July, 1968.



Notary Public for Oregon
Residing at Oregon
Commission Expires Dec. 12, 1970