

# State of Idaho

## Department of State

### CERTIFICATE OF MERGER OR CONSOLIDATION

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of merger of MERCHANT FUNERAL HOME, INC., a Washington corporation, COEUR D'ALENE MEMORIAL GARDENS, INC., an Idaho corporation, and LEWIS CLARK MEMORIAL PARK, INC., an Idaho corporation, into CARRIAGE FUNERAL SERVICES OF IDAHO, INC., an Idaho corporation, duly executed pursuant to the provisions of the Idaho Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this certificate of merger, and attach hereto a duplicate original of the Articles of merger.

Dated: April 1, 1996



*Pete T. Cenarrusa*  
SECRETARY OF STATE

By *[Signature]*

APR 1 2 03 PM '95

ARTICLES OF MERGER  
OF  
SECRETARY OF STATE  
STATE OF IDAHO  
MERCHANT FUNERAL HOME, INC.,  
COEUR D'ALENE MEMORIAL GARDENS, INC.  
AND  
LEWIS CLARK MEMORIAL PARK, INC.

INTO

CARRIAGE FUNERAL SERVICES OF IDAHO, INC.

Pursuant to the provisions of Section 30-1-77 of the Idaho Business Corporation Act, the undersigned domestic and foreign corporations adopt the following Articles of Merger for the purpose of merging them into one of such corporations:

FIRST: The names of the undersigned corporations and the States under the laws of which they are respectively organized are:

<u>Name of Corporation</u>	<u>State</u>
Merchant Funeral Home, Inc.	Washington
Coeur d'Alene Memorial Gardens, Inc.	Idaho
Lewis Clark Memorial Park, Inc.	Idaho
Carriage Funeral Services of Idaho, Inc.	Idaho

SECOND: The laws of the State under which such foreign corporation is organized permit such merger.

THIRD: The name of the surviving corporation is Carriage Funeral Services of Idaho, Inc., and it is to be governed by the laws of the State of Idaho.

FOURTH: The Plan of Merger attached hereto as Exhibit A was approved by the shareholders of the undersigned domestic corporations in the manner prescribed by the Idaho Business Corporation Act, and was approved by the undersigned foreign corporation in the manner prescribed by the laws of the State under which it is organized.

FIFTH: As to each of the undersigned corporations, the number of shares outstanding, and the designation and number of outstanding shares of each class entitled to vote as a class on such Plan, are as follows:

IDAHO SECRETARY OF STATE  
DATE: 04/01/1995 10:50 AM  
CK #: 63335 CUST#: 20168  
EXPEDITE C  
1@ 20.00= 20.00  
MERGER 1@ 30.00= 30.00

#:

<u>Name of Corporation</u>	<u>Number of Shares Outstanding</u>	<u>Entitled to Vote as a Class</u>	
		<u>Designation of Class</u>	<u>Number of Shares</u>
Merchant Funeral Home, Inc.	500	Common	500
Coeur d'Alene Memorial Gardens, Inc.	1,000	Common	1,000
Lewis Clark Memorial Park, Inc.	150	Common	150
Carriage Funeral Services of Idaho, Inc.	1,000	Common	1,000

SIXTH: As to each of the undersigned corporations, the total number of shares voted for and against such Plan, respectively, and, as to each class entitled to vote thereon as a class, the number of shares of such class voted for and against such Plan, respectively, are as follows:

<u>Name of Corporation</u>	<u>Number of Shares Entitled to Vote as a Class</u>				
	<u>Total Voted For</u>	<u>Total Voted Against</u>	<u>Class</u>	<u>Voted For</u>	<u>Voted Against</u>
Merchant Funeral Home, Inc.	500	-0-	Common	500	-0-
Coeur d'Alene Memorial Gardens, Inc.	1,000	-0-	Common	1,000	-0-
Lewis Clark Memorial Park, Inc.	150	-0-	Common	150	-0-
Carriage Funeral Services of Idaho, Inc.	1,000	-0-	Common	1,000	-0-

Dated: March \_\_, 1996.

MERCHANT FUNERAL HOME, INC.

By:   
Robert D. Larrabee, President

COEUR d'ALENE MEMORIAL GARDENS, INC.

By:   
Robert D. Larrabee, President

LEWIS CLARK MEMORIAL PARK, INC.

By:   
Robert D. Larrabee, President

CARRIAGE FUNERAL SERVICES OF IDAHO,  
INC.

By:   
Mark W. Duffey,  
Executive Vice President

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## PLAN OF MERGER

THIS PLAN OF MERGER, dated as of March 22, 1996, is among CARRIAGE FUNERAL SERVICES, INC., a Delaware corporation (the "Purchaser"), CARRIAGE FUNERAL SERVICES OF IDAHO, INC., an Idaho corporation (the "Acquisition Subsidiary"), MERCHANT FUNERAL HOME, INC., a Washington corporation ("MFHI"), COEUR d'ALENE MEMORIAL GARDENS, INC., an Idaho corporation ("CDMGI"), and LEWIS CLARK MEMORIAL PARK, INC., an Idaho corporation ("LCMPI") (MFHI, CDMGI and LCMPI are collectively called the "Companies") (the Acquisition Subsidiary and the Companies being hereinafter sometimes referred to collectively as the "Constituent Corporations").

### W I T N E S S E T H:

WHEREAS, the respective Boards of Directors of the Acquisition Subsidiary and the Companies deem it desirable and in the best interests of their respective corporations and shareholders that the Companies be merged with and into the Acquisition Subsidiary and upon consummation of such merger, that each of the issued and outstanding shares of the Common Stock ("Company Common Stock"), of each Company be converted into the right to receive shares of Series D Preferred Stock, \$.01 par value ("Series D Preferred Stock"), of the Purchaser, as further and more specifically provided in the following terms and conditions of this Plan of Merger; and

WHEREAS, the Acquisition Subsidiary, the Purchaser, the Companies, and the shareholders of the Companies have entered into a Merger Agreement of even date herewith (the "Merger Agreement"), which provides for, among other things, execution of this Plan of Merger by the Purchaser, the Acquisition Subsidiary and the Companies and consummation of the merger transactions described herein following the merger described above;

NOW, THEREFORE, the Purchaser, the Acquisition Subsidiary and the Companies agree as follows:

1. Merger. At the Effective Time of the Merger (as hereinafter defined), the Companies shall be merged with and into the Acquisition Subsidiary in a statutory merger (the "Merger") to be consummated pursuant to and on the terms and conditions set forth in this Plan of Merger and in accordance with the laws of the States of Idaho and Washington. The Acquisition Subsidiary shall be the surviving corporation of the Merger (the "Surviving Corporation"), and shall continue its corporate existence as a corporation governed by the laws of the State of Idaho under the name "Carriage Funeral Services of Idaho, Inc."

2. Effective Time of the Merger. The time when the Merger shall become effective (the "Effective Time of the Merger") shall be at the time and date that appropriate executed and verified Articles of Merger, with a copy of this Plan of Merger attached thereto, are filed with and endorsed by the Secretary of State of Idaho, in accordance with Idaho Code §30-1-74 and the Secretary of State of Washington, in accordance with Washington Revised Code §23B.11.050.

3. Articles of Incorporation and By-laws.

(a) Articles of Incorporation. From and after the Effective Time of the Merger, the Articles of Incorporation of the Acquisition Subsidiary shall be the Articles of Incorporation of the Surviving Corporation, subject to the right of the Surviving Corporation to amend its Articles of Incorporation after the Effective Time of the Merger in accordance with such Articles of Incorporation and the Idaho Code.

(b) Bylaws. From and after the Effective Time of the Merger, the bylaws of the Acquisition Subsidiary, as in effect immediately prior to the Effective Time of the Merger, shall be the bylaws of the Surviving Corporation, until changed or amended as provided therein.

4. Directors and Officers.

(a) Directors. From and after the Effective Time of the Merger, the directors of the Surviving Corporation shall be those persons who are directors of the Acquisition Subsidiary immediately prior thereto, each of whom shall hold office subject to the provisions of the Idaho Code and the Articles of Incorporation and bylaws of the Surviving Corporation.

(b) Officers. From and after the Effective Time of the Merger, the officers of the Surviving Corporation shall be those persons who are officers of the Acquisition Subsidiary immediately prior thereto, each of whom shall hold office subject to the provisions of the Idaho Code and the bylaws of the Surviving Corporation.

5. Conversion of Shares.

(a) Conversion of Shares. The manner of converting shares of the capital stock of each of the Constituent Corporations issued and outstanding immediately prior to the Effective Time of the Merger into shares of Common Stock, \$.01 par value, of the Surviving Corporation, or into the right to

receive Series D Preferred Stock of the Purchaser, shall be as follows:

(i) At the Effective Time of the Merger, each share of Common Stock, \$.01 par value, of the Acquisition Subsidiary then issued and outstanding shall, by virtue of the Merger and without any action on the part of the Acquisition Subsidiary or the holder of such shares, be converted into one share of Common Stock, \$.01 par value, of the Surviving Corporation.

(ii) At the Effective Time of the Merger, each share of capital stock of each Company issued and held in its treasury shall, by virtue of the Merger and without any action on the part of the holder thereof, cease to be outstanding and shall be cancelled and retired without the payment of any consideration in respect thereof.

(iii) Each of the 500 shares of Company Common Stock of MFHI issued and outstanding immediately prior to the Effective Time of the Merger shall, by virtue of the Merger, automatically be converted into and become, at the Effective Time of the Merger, the right to receive from the Purchaser 1,929.08 shares of Series D Preferred Stock, or an aggregate of 964,540 shares of Series D Preferred Stock upon conversion of all such Company Common Stock of MFHI; each of the 1,000 shares of Company Common Stock of CDMGI issued and outstanding immediately prior to the Effective Time of the Merger shall, by virtue of the Merger, automatically be converted into and become, at the Effective Time of the Merger, the right to receive from the Purchaser 283.05 shares of Series D Preferred Stock, or an aggregate of 283,050 shares of Series D Preferred Stock upon conversion of all such Company Common Stock of CDMGI; and each of the 150 shares of Company Common Stock of LCMPI issued and outstanding immediately prior to the Effective Time of the Merger shall, by virtue of the Merger, automatically be converted into and become, at the Effective Time of the Merger, the right to receive from the Purchaser 1,682.73 shares of Series D Preferred Stock, or an aggregate of 252,410 shares of Series D Preferred Stock upon conversion of all such Company Common Stock of LCMPI; in each case, without any action on the part of the holder thereof upon surrender and in accordance with Section 5(b) of this Plan of Merger, of the certificate representing each such share of Company Common Stock. The terms applicable to the shares of Series D Preferred Stock to be so issued upon conversion of the Company Common Stock shall be as provided in paragraph (e) below.

The aggregate shares of Series D Preferred Stock to be so issued and delivered in respect of the conversion of the Company Common Stock of all of the Companies, which shall be an aggregate of 1,500,000 shares of Series D Preferred Stock, is herein called the "Merger Consideration."

(iv) At the Effective Time of the Merger, all options, warrants, calls, or other securities convertible into or exchangeable with Company Common Stock, and all hereafter issued Company Common Stock that is not issued and outstanding on the date of this Agreement, shall, by virtue of the Merger and without any action on the part of any holder thereof, cease to be outstanding and shall be cancelled and retired without the payment of any consideration in respect thereof.

(v) No fractional shares of Series D Preferred Stock or scrip will be issued in respect of fractional interests; in lieu of any fractional shares of Series D Preferred Stock which may be issued in respect of shares of Company Common Stock as aforesaid, the holders thereof instead shall receive a cash payment in an amount equal to the product of such fraction multiplied by \$.01.

(b) Surrender and Payment. After the Effective Time of the Merger, each holder of an outstanding certificate which prior to the Effective Time of the Merger represented shares of Company Common Stock shall, upon surrender of such certificate to the Surviving Corporation, be entitled to receive payment therefor in shares of Series D Preferred Stock pursuant to Section 5(a)(iii) of this Plan of Merger. Until so surrendered, each outstanding certificate which prior to the Effective Time of the Merger represented shares of Company Common Stock shall, upon and after the Effective Time of the Merger, represent and evidence only the right to receive payment therefor as provided in Section 5(a)(iii) of this Plan of Merger.

(c) No Further Transfers. Upon and after the Effective Time of the Merger, no transfer of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time of the Merger shall be made on the stock transfer books of the Surviving Corporation.

(d) Dissenting Shares. All of the shareholders of the Companies and the Acquisition Subsidiary have, pursuant to the Merger Agreement, irrevocably and unconditionally waived all dissenters' and other similar rights with respect to the Merger under and pursuant to Idaho Code §30-1-80.



(e) Series D Preferred Stock. The terms and provisions of the Series D Preferred Stock shall be as provided in the Certificate of Designation, Preferences, Rights and Limitations of the Series D Preferred Stock on file with the Secretary of State of Delaware and in effect at the Effective Time of the Merger, subject to amendment as therein provided (the "Series D Designation"). The "Dividend Rate" (as defined in the Series D Designation) applicable to the shares of Series D Preferred Stock to be issued upon conversion of the Company Common Stock as provided in this Plan of Merger (herein referred to as the "Series D Shares") shall be seven percent (7%) per annum, payable quarter-annually, and the "Initial Conversion Base Price" (as defined in the Series D Designation) of the Series D Shares to be so issued shall be \$9.00 per share. The Purchaser's obligations under the terms of the Series D Designation to distribute assets on a preferential basis to the holders of the Series D Shares in connection with the dissolution, liquidation or winding up of the affairs of the Purchaser, to redeem the Series D Shares on December 31, 2001, and to pay quarterly dividends in respect of the Series D Shares as therein provided, shall, at all times while the Series D Shares are outstanding, be secured by an irrevocable standby letter of credit (together, with any and all renewals and replacements, the "Letter of Credit") to be issued by Provident Services, Inc. ("Provident"), for the account of the Purchaser, in favor of Robert D. Larrabee ("Larrabee"), as agent for all former shareholders of the Companies who receive Series D Shares upon conversion of Company Common Stock, as beneficiaries (all of whom, in their capacities as such, including their successors, heirs and permitted assigns, are hereafter referred to as "Beneficiaries"), in an amount equal to the aggregate redemption price for the Series D Shares then outstanding plus the aggregate amount of dividends to accrue thereon for the two successive quarter-annual dividend periods. The initial Letter of Credit shall be in the amount of \$1,552,500, shall be dated the date on which the Effective Time of the Merger occurs and shall be in substantially the form of Annex A attached hereto. The initial Letter of Credit shall have an expiry date of no earlier than one year from its date of issue and shall provide that, if within 15 days prior to its expiry date, it is not renewed, replaced or extended for an additional period of at least one year (but in no event for any period extending past January 31, 2002) in the amount calculated above, the Larrabee, as agent for the Beneficiaries, shall be entitled to draw thereon as therein provided. Any replacement Letter of Credit may be issued by Provident or by another financial institution having combined capital, surplus and undivided profits of at least \$100 million. It shall be a condition to any conversion of the

Series D Shares into Common Stock of the Purchaser pursuant to the Series D Designation that the holders thereof have surrendered the Letter of Credit (x) without replacement or renewal, if all of such Series D Shares have been fully converted, or (y) if less than all of such Series D Shares have been so converted, in exchange for and receipt of a replacement Letter of Credit in the amount of the aggregate redemption price of the shares of such Series D Shares remaining outstanding after such conversion plus dividends to accrue thereon for the two successive quarter-annual dividend periods thereafter. The Letter of Credit shall be transferrable only in connection with any transfer of the Series D Shares and the transferee's acknowledgment of the obligations of the Beneficiaries under this Agreement, but the Letter of Credit shall not be divisible into separate letters of credit. Larrabee shall at all times act as agent for all Beneficiaries under the Letter of Credit until his death, resignation or removal in such capacity by unanimous consent of all of the other Beneficiaries for breach of fiduciary duty, in which case a majority in interest of the remaining Beneficiaries shall designate in writing to the Purchaser a successor agent among them to take his place. The Purchaser may conclusively rely upon the actions taken by Larrabee or any successor agent for the Beneficiaries in all dealings in respect of the Letter of Credit and the Beneficiaries' rights and interests thereunder.

6. Effects of the Merger. At the Effective Time of the Merger:

(i) the Constituent Corporations shall be merged into a single corporation, which shall be the Surviving Corporation;

(ii) the separate existence of the Acquisition Subsidiary shall cease;

(iii) the Surviving Corporation shall have all of the rights, privileges, immunities and powers and shall be subject to all the duties and liabilities of a corporation organized under the Idaho Business Corporation Act;

(iv) the Surviving Corporation shall possess all the rights, privileges, immunities and franchises, as well of a public as of a private nature, of each of the Constituent Corporations;

(v) all property, real, personal and mixed, and all debt due on whatever account, and all other choses in action, and all and every other interest, of or belonging

to or due to each of the Constituent Corporations, shall be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed;

(vi) title to any real estate, or any interest therein, vested in either of the Constituent Corporations shall not revert or be in any way impaired by reason of the Merger;

(vii) the Surviving Corporation shall be responsible and liable for all of the liabilities, obligations and penalties of each of the Constituent Corporations;

(viii) any claim existing or action or proceeding, civil or criminal, pending by or against either of the Constituent Corporations may be prosecuted as if the Merger had not taken place or the Surviving Corporation may be substituted in its place, and any judgment rendered against either of the Constituent Corporations may be enforced against the Surviving Corporation; and

(ix) neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger.

7. Other Provisions with Respect to the Merger.

(a) Pursuant to the Merger Agreement, this Plan of Merger has been approved by the respective shareholders of each of the Constituent Corporations as provided by Idaho Code §30-1-73. Subject to the conditions set forth in the Merger Agreement, upon the Closing thereunder all required documents shall be executed, verified, filed and recorded and all required acts shall be done in order to accomplish the Merger in accordance with the applicable provisions of the statutes of the State of Idaho.

(b) This Plan of Merger may be abandoned at any time prior to the Effective Time of the Merger, whether before or after action thereon by the shareholders of each of the Constituent Corporations (but prior to the filing of Articles of Merger referred to in Section 2 of this Plan of Merger with the Secretary of State of Idaho) by mutual consent of each of the Constituent Corporations, expressed by action of their respective Boards of Directors. This Plan of Merger shall be automatically abandoned upon the valid termination of the Merger Agreement, in accordance with the terms thereof, prior to the filing of Articles of Merger referred to in Section 2 of this Plan of Merger with the Secretary of State of Idaho.

(c) The Constituent Corporations, by mutual consent of their respective Boards of Directors, and to the extent permitted by law, may amend, modify, supplement and interpret this Plan of Merger in such manner as may be mutually agreed upon by them in writing at any time before or after adoption thereof by their respective shareholders, and, in the case of an interpretation, the actions of such Boards shall be binding.

(d) If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurance in law or other action is necessary or desirable to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation the title to any property or rights of either Constituent Corporation acquired or to be acquired by or as a result of the Merger, the proper officers and directors of the Surviving Corporation shall be and they hereby are, severally and fully authorized to execute and deliver such deeds, assignments and assurances in law and to take such other action as may be necessary or proper in the name of such Constituent Corporation or the Surviving Corporation to vest, perfect or confirm title to such property or rights in the Surviving Corporation and otherwise to carry out the purpose of this Plan of Merger.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed and affixed with its corporate seal as of the date first above written.

THE PURCHASER:

CARRIAGE FUNERAL SERVICES, INC.

By: Mary-Lees G. Payne  
MARY-LEES G. PAYNE  
Vice President

THE ACQUISITION SUBSIDIARY:

CARRIAGE FUNERAL SERVICES  
OF IDAHO, INC.

By: Mary-Lees G. Payne  
MARY-LEES G. PAYNE  
Vice President

THE COMPANIES:

LEWIS CLARK MEMORIAL PARK, INC.

By: Robert D. Larrabee  
ROBERT D. LARRABEE, President

COEUR d'ALENE MEMORIAL GARDENS, INC.

By: Robert D. Larrabee  
ROBERT D. LARRABEE, President

MERCHANT FUNERAL HOME, INC.

By: Robert D. Larrabee  
ROBERT D. LARRABEE, President