

PLAN OF MERGER

FILED EFFECTIVE

THIS *PLAN OF MERGER* (herein the "Plan of Merger") is entered into this 1st day of December, 2009, by and between **BURLY PRODUCTS, INC.**, a corporation organized and existing under the laws of the State of Washington (herein the "Merged Entity") and **BURLY PRODUCTS, INC.**, a corporation organized and existing under the laws of the State of Idaho (herein the "Surviving Entity").

WITNESSETH:

- A. The corporate parties to this agreement desire to enter into a Plan of Merger;
- B. As set forth in and pursuant to the following plan, **BURLY PRODUCTS, INC.**, a corporation organized and existing under the laws of the State of Washington (herein the "Merged Entity") shall be merged into **BURLY PRODUCTS, INC.**, a corporation organized and existing under the laws of the State of Idaho (herein the "Surviving Entity"); and
- C. Pursuant to the applicable provisions of Washington law and the Idaho Entity Transactions Act, the undersigned domestic and foreign corporations have adopted the following Plan of Merger as follows:

AGREEMENT:

NOW THEREFORE, in consideration of the matters described above, and of the mutual benefits and obligations set forth in this agreement, the parties hereby agree as follows:

1. **Parties to Merger.** The parties to this merger are both corporate entities. The merging entity shall be **Burly Products, Inc.**, a corporation organized and existing under the laws of the State of Washington. The surviving entity shall be **Burly Products, Inc.**, a corporation organized and existing under the laws of the State of Idaho.
2. **Director Adoption of Merger.** The of Merger has been duly adopted by the Board of Directors of the Merging Entity in the manner prescribed by the laws of the State of Washington. The of Merger has been likewise duly adopted by the Board of Directors of the Surviving Entity in the manner prescribed by the laws of the State of Idaho. Both of such Boards have submitted the of Merger to their respective shareholders for approval.
3. **Shareholder Approval.** The Shareholders of the Merging Entity have unanimously approved the of Merger with and into the Surviving Entity and the consummation of the transactions contemplated by this of Merger, upon the terms and subject to the conditions set forth herein. The Shareholders of the Surviving entity have likewise unanimously approved the of Merger with the Merging Entity. There are no dissenting shareholders of either corporation.

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4. **Effective Date of Merger.** The Merger shall in all events be effective as of 12:01 a.m., Pacific Time, January 1, 2010 (herein the "Effective Date"). The filing of this of Merger with the Idaho Secretary of State and/or the Washington Secretary of State shall in no event determine the effective date hereof.

5. **The Merger.** Upon the terms and subject to the conditions of this of Merger, and in accordance with all applicable law, the Merging Entity shall be merged with and into the Surviving Entity (herein the "Merger"). Upon the Effective Date of the Merger, the separate existence of the Merging Entity shall thereupon forever cease. The Surviving Entity shall be the surviving corporation in the Merger.

6. **Effect of Merger.** Upon the Effective Date, the of Merger shall have the following effect: (i) the Merging Entity shall merge into the Surviving Entity; (ii) the Surviving Entity shall continue in existence; (iii) the Merging Entity shall cease to exist; (iv) all real estate, intellectual property, assets and other property of any nature whatsoever of the Merging Entity shall immediately vest in the Surviving Entity without transfer, conveyance, assignment, reversion and/or impairment; (v) all liabilities of the Merging Entity shall become liabilities of the Surviving Entity; (vi) except as otherwise provided by law, all of the rights, privileges, immunities, powers and purposes of the Merging Entity shall vest in the Surviving Entity; (vii) all assets and property of the Surviving Entity shall continue to be vested therein without reversion or impairment; (viii) the Surviving Entity shall remain subject to all of its liabilities; (ix) all of the Surviving Entities' rights, privileges, immunities, powers and purposes shall continue to be vested therein without interruption; and (x) any other effect set forth in Idaho Code Section 30-18-206, RCW 23B.11.060 and/or and all other applicable laws.

7. **Shareholder Rights.** The rights of shareholders of the entities subject to this agreement shall be as follows:

7.1 **In General.** The Merger shall not give rise to any rights that a shareholder would otherwise have upon a dissolution, liquidation and/or winding-up of the Merging Entity. The former holders of the shares of every corporation party to the Merger are entitled only to the rights provided in this of Merger, RCW 23B.13 and/or Idaho Code Section 30-18-206.

7.2 **New Shareholders.** Any person that did not have shareholder liability with respect to the Merging Entity and that becomes subject to shareholder liability with respect to the Surviving Entity as a result of the Merger shall have shareholder liability only to the extent provided by the organic law of the Surviving Entity and only for those liabilities that arise after the Effective Date of the Merger. Upon the Effective Date of the Merger, the shareholder liability of any person that ceases to hold an interest in the Merging Entity with respect to which the person had shareholder liability is as follows: (i) the Merger does not discharge any shareholder liability under the organic law of the Merging Entity to the extent the shareholder liability arose before the Merger became effective; (ii) the person does not

have shareholder liability under the organic law of the Merging Entity for any liability that arises after the Merger becomes effective; (iii) the organic law of the Merging Entity continues to apply to the release, collection and/or discharge of any shareholder liability otherwise preserved as if the Merger had not occurred and the Surviving Entity was the entity to be merged and to cease to exist; and (iv) each shareholder continues to have whatever right of contribution, if any, from any other person as are provided by the organic law or organic rules of the Merging Entity.

7.3 Shareholders of Surviving Entity. Upon the Effective Date of the Merger, any person that did not have shareholder liability with respect to the Merging Entity and that becomes subject to shareholder liability with respect to the Surviving Entity as a result of the Merger has shareholder liability only to the extent provided by the organic law of the Surviving Entity and only for those liabilities that arise after the Merger becomes effective.

7.4 Shareholders of Merged Entity. Upon the Effective Date of the Merger, the shareholder liability of a person that ceases to hold an interest in the Merging Entity with respect to which the person had shareholder liability is as follows: (i) the Merger does not discharge any shareholder liability under the organic law of the Merging Entity to the extent the shareholder liability arose before the Effective Date of the Merger; (ii) the person does not have shareholder liability under the organic law of the Merging Entity for any liability that arises after the Effective Date of the Merger; (iii) the organic law of the Merging Entity continues to apply to the release, collection and/or discharge of any shareholder liability preserved hereunder as if the Merger had not occurred and the Surviving Entity Surviving Entity was the entity to be merged and to cease to exist; and (iv) each shareholder continues to have whatever right of contribution, if any, from any other person as are provided by the organic law or organic rules of the Merging Entity with respect to any shareholder liability preserved hereunder as if the merger had not occurred.

7.5 "Person" Defined. The term "Person", as used herein, shall mean an individual, corporation, estate, trust, partnership, limited liability company, business or similar trust, association, joint venture, public corporation, government, or governmental subdivision, agency, or instrumentality, unincorporated nonprofit association or any other legal or commercial entity.

8. Pending Proceedings. Any litigation, action or other proceeding pending against any corporation party to the Merger may be continued as if the Merger did not occur or the Surviving Entity may be substituted in the proceeding for the corporation whose existence ceased.

9. Officers and Directors. At and after the Effective Date of the Merger, the directors and officers of the Surviving Entity shall continue to serve until their respective successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Entity's Articles of Incorporation and/or Bylaws.

10. **Conversion of Shares.** Upon the Effective Date of the Merger, and without any further action of the Merging Entity or the Surviving Entity, each share of the Merging Entity shall be converted to a share of the Surviving Entity. The shareholders of the Surviving Entity shall receive and be vested with ownership of all of such shares of the Merged Entity in accordance with their proportional, pre-merger, ownership of the shares of the Surviving Entity as held immediately before the Effective Date. Upon the consummation of the Merger, the shareholders of the Merging Entity shall not be entitled to any form of share ownership with respect to the Surviving entity.

11. **Amendment to Organic Documents.** No modifications nor amendments shall be made to the Surviving Entity's private organic documents or private organic rules in anticipation of or as a result of this Merger.

12. **Merger Permitted By Law.** The laws of the state under which both the merged corporation and the surviving corporation are organized permit corporate mergers. The Surviving Entity shall continue to be governed by the laws of the State of Idaho.

13. **Modification and Amendment.** This agreement may not be modified, altered or amended, nor may any obligations hereunder be waived, nor may any additional obligation assumed by either party in connection with this agreement, except by a writing signed by each of the parties hereto. Additionally, any such modification, alteration, amendment, waiver or assumption shall be made in strict accordance with the provisions of Idaho Code Section 30-18-204, RCW 23B.11.030 and/or any other applicable law.

14. **Integration.** This agreement contains the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supercedes and terminates all prior and contemporaneous agreements, representations, and understandings between the parties with respect to the subject matter hereof.

15. **Severability.** If any term or provision of this agreement or the application thereof to any person or circumstance shall to any extent be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this agreement and the application of such term or provision to persons or circumstances other than those to which it is specifically held invalid or unenforceable shall not be affected thereby, and each term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law.

16. **Binding Nature.** All provisions of this agreement shall be binding upon and inure to the benefit of all of the parties hereto, and their estates, heirs, legatees, legal representatives, successors and assigns.

17. **Certification.** By signing below, the President of the Merging Entity and the President of the Surviving Entity both certify that they are, respectively, the duly elected and acting President and that the necessary number of total votes were cast by the Board of Directors and the Shareholders approved this of Merger.

18. Filing of of Merger. As soon as practicable after the requisite approval of the merger by the stockholders of the corporations participating in this Merger has been obtained and all other conditions to the obligations of the parties to this agreement to effect the Merger shall have been satisfied or waived: (i) this of Merger shall be filed for record with both the Washington Secretary of State and the Idaho Secretary of State; and (ii) the participating entities shall take such other and future actions as may be required by law to cause the Merger to have its desired legal effect.

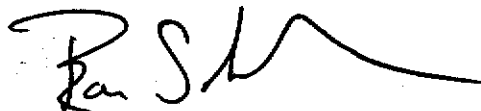
19. Appointment of Agent for Service of Process. The Surviving Entity hereby irrevocably appoints the Washington Secretary of State as its agent for: (i) service of process in any proceeding involving the Merged Entity, the basis of which accrued prior to the Effective date of the Merger; and (ii) service of process in any proceeding to enforce any obligation or the rights of dissenting shareholders of the Merged Entity.

20. Section Headings. The section headings used in this agreement are inserted for the purpose of convenience of reference only. Section headings shall not be deemed to be part of the provisions of such sections nor to have any effect upon the construction thereof. Section headings shall not be used to construe meaning or intent.

21. Governing Law. This agreement shall be interpreted, governed by, construed and enforced in accordance with the laws of the State of Idaho.

IN WITNESS WHEREOF, the parties have caused this of Merger to be duly executed by their authorized officers, as of the day and year first above written.

BURLY PRODUCTS, INC. (WA)
Merging Entity



By: Ross D. Schlotthauer
Its: President

BURLY PRODUCTS, INC. (ID)
Surviving Entity



By: Ross D. Schlotthauer
Its: President

STATE OF IDAHO)

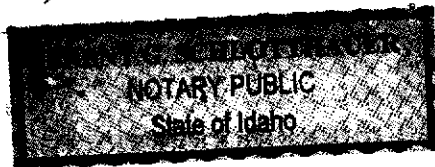
ss.


County of Kootenai)

On this 15th day of December, 2009, before me personally appeared **ROSS D. SCHLOTTHAUER**, who by me being personally sworn, declared that he is the President of **BURLY PRODUCTS, INC.**, a Washington Corporation, that he signed the foregoing document in his duly authorized capacity as President, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first written above.

(SEAL)




Notary Public in and for the State of Idaho

Residing At: Meridian - ID

My Commission Expires: 01/06/12

STATE OF IDAHO)

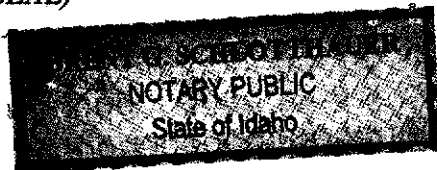
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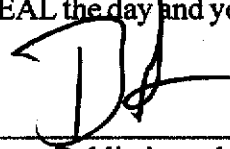
County of Kootenai)

On this 1st day of December, 2009, before me personally appeared **ROSS D. SCHLOTTHAUER**, who by me being personally sworn, declared that he is the President of **BURLY PRODUCTS, INC.**, an Idaho Corporation, that he signed the foregoing document in his duly authorized capacity as President, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first written above.

(SEAL)




Notary Public in and for the State of Idaho

Residing At: Meridian - ID

My Commission Expires: 01/06/12