

FILED/EFFECTIVE

**ARTICLES OF MERGER
OF**

KELLY TRANSPORT, INC. & J-FIVE, INC.

AUG 31 | 43 PM '01

SECRET

STATE

Pursuant to the Idaho Business Corporation Act, the following Articles of Merger are hereby adopted by the undersigned corporations for the purpose of merging them into one corporation, with the remaining corporation to be Kelly Transport, Inc.

I.

The Plan and Agreement of Merger, which is attached as Exhibit A to these Articles and incorporated herein by reference, was unanimously approved by the shareholders and directors of each of the undersigned corporations in the manner prescribed by the Idaho Business Corporation Act.

II.

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

Name of Corporation	No. of Shares Outstanding	Designation of Class	No. of Shares Authorized to Vote
Kelly Transport, Inc.	1,000	common voting	1,000
J-Five, Inc.	2,000	common voting	2,000

III.

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 voted for and against such plan, respectively, are as follows:

Name of Corporation	Total Voted For	Total Voted Against	Class	Other Classes
Kelly Transport, Inc.	1,000	0	Common voting	none
J-Five, Inc.	2,000	0	common voting	none

IV.

As to each of the undersigned corporations, the voting was unanimous to approve the merger. The merger of the undersigned corporations will be deemed effective upon the filing of the Articles of Merger with the Secretary of State.

KELLY TRANSPORT, INC.

LJK

Date: 6-12-2001
6-9-2001

By *Donald J Kelly Jr*
Its President

J-FIVE, INC.

LJK

Date: 6-12-2000

By *Donald J Kelly Jr*
Its President

PLAN AND AGREEMENT OF MERGER

THIS PLAN AND AGREEMENT OF MERGER (this "Agreement") made and entered into this 12 day of June 2001 by and between J-FIVE, Inc., an Idaho corporation ("J-FIVE"), and KELLY TRANSPORT, Inc., an Idaho corporation ("KELLY TRANSPORT");

RECITALS

WHEREAS, J-FIVE is a corporation duly organized and existing under the laws of the State of Idaho;

WHEREAS, KELLY TRANSPORT is a corporation duly organized and existing under the laws of the State of Idaho;

WHEREAS, on the date of this Agreement, J-FIVE has authority to issue 5,000 shares of non par value Common Stock (the "J-FIVE Common Stock"), of which 2,000 shares are issued and;

WHEREAS, on the date of this Agreement, KELLY TRANSPORT has authority to issue 10,000 shares of non par value Common Stock (the "KELLY TRANSPORT Common Stock"), of which 1,000 shares are issued and outstanding;

WHEREAS, the respective Boards of Directors of KELLY TRANSPORT and J-FIVE deem it advisable and in the best interests of the corporations' respective shareholders that J-FIVE be acquired by KELLY TRANSPORT through a merger ("Merger") of J-FIVE and KELLY TRANSPORT, who shall acquire all of the business, assets and goodwill, subject to the liabilities, of J-FIVE and that shares of J-FIVE Common Stock shall be converted to shares of KELLY TRANSPORT Common Stock on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual warranties and covenants set forth herein, the parties hereto agree as follows:

AGREEMENT

1. Merger of J-FIVE into KELLY TRANSPORT.

1.1. Merger of J-FIVE with and into KELLY TRANSPORT. KELLY TRANSPORT and J-FIVE hereby adopt the plan of reorganization encompassed by this Agreement and hereby agree that J-FIVE shall merge with and into KELLY TRANSPORT on the terms and conditions set forth herein. J-FIVE will, upon the filing of the Articles of Merger contemplated by Section 230-1-1105 of the Idaho Business Corporation Act (the "Effective Date"), merge with and into KELLY TRANSPORT, and thereafter the separate existence of J-FIVE will cease. As of the Effective Date, KELLY TRANSPORT shall succeed to all of the rights, privileges, powers and property, including,

without limitation, all rights, privileges, franchises, patents, trademarks, licenses, registrations, bank accounts, contracts, patents, copyrights and other assets of every kind and description of J-FIVE, and KELLY TRANSPORT shall assume all of the obligations and liabilities of J-FIVE, excepting and excluding, (i) the minute books and stock records of J-FIVE insofar as they relate solely to its organization and capitalization, and (ii) the rights of J-FIVE arising out of this Agreement. The Merger will occur in accordance with provisions of the Idaho Business Corporation Act.

1.2. Pending and Subsequent Actions. J-FIVE will cooperate, and will cause its officers, directors and other employees to cooperate, with KELLY TRANSPORT on and after the Effective Date (i) in effecting the collection of all receivables and other items owing to J-FIVE and (ii) in prosecuting claims and furnishing information, testimony and other assistance in connection with all actions, proceedings, arrangements or disputes based upon contracts, arrangements or acts of J-FIVE which were in effect or which occurred on or prior to the Merger.

2. Delivery of KELLY TRANSPORT Common Stock and Assumption of Liabilities by KELLY TRANSPORT.

2.1. Conversion of Stock. Effective as of the Effective Date, each stock certificate representing shares of J-FIVE Common Stock, along with any and all accrued and unpaid dividend rights with respect thereto, shall be deemed to represent the respective numbers of shares of KELLY TRANSPORT Common Stock, and each right to purchase shares of J-FIVE Common Stock (including employee stock options) shall be deemed to represent a right to purchase the respective number of shares of KELLY TRANSPORT Common Stock, in each case as is determined by the formula set forth in Section 2.2.

2.2. Issuance and Delivery of KELLY TRANSPORT Common Stock. Upon surrender of certificates representing J-FIVE Common Stock, KELLY TRANSPORT will issue and deliver as provided in Section 2.3 certificates representing a number of whole shares of its Common Stock determined by the following exchange rate: one share of KELLY TRANSPORT Common Stock shall be issued in exchange for each two shares of J-FIVE Common Stock issued and outstanding on the Effective Date.

2.3. Surrender and Conversion of J-FIVE Share Certificates. All persons holding shares of J-FIVE Common Stock shall surrender the certificates representing the shares of J-FIVE Common Stock, either by certified mail, return receipt requested, or in person to: _____, or such other location as J-FIVE shall advise such holders in writing. Upon receipt of the surrendered share certificate of J-FIVE Common Stock, a replacement certificate reflecting shares of KELLY TRANSPORT Common Stock subject to the exchange rate set forth in Paragraph 2.2 hereof shall be issued and caused to be delivered in accordance with this Agreement. Notwithstanding proposed exchanges of certificates, each certificate representing shares of J-FIVE Common Stock not physically surrendered pursuant to this section shall be deemed to represent shares of KELLY TRANSPORT Common Stock and subject to the exchange rate set forth in Paragraphs 2.2 and 2.3 hereof.

3. Agreements. As of the Effective Date, KELLY TRANSPORT will assume any and all agreements of J-FIVE, and agrees to be bound by the terms and conditions of each such agreement.

4. Representations and Warranties of J-FIVE. J-FIVE represents and warrants to KELLY TRANSPORT as follows:

4.1. Corporate Organization. J-FIVE is a corporation duly organized, validly existing and in good standing under the laws of the State of Idaho.

4.2. Validity of Transaction. J-FIVE has full right, power and authority to enter into this Agreement and to perform its obligations hereunder. This Agreement has been duly authorized, executed and delivered by J-FIVE and constitutes the valid and legally binding obligation of J-FIVE.

4.3. Litigation. J-FIVE is not a party to any litigation or any governmental proceeding and, to the best of its knowledge, there is no valid basis for any such litigation or proceeding. There is no judgment or order of any court or governmental authority in effect against J-FIVE.

5. Representations and Warranties of KELLY TRANSPORT. KELLY TRANSPORT represents and warrants to J-FIVE as follows:

5.1. Corporate Organization. KELLY TRANSPORT is a corporation duly organized, validly existing and in good standing under the laws of the State of Idaho.

5.2. Validity of Transaction. KELLY TRANSPORT has full right, power and authority to enter into this Agreement and to perform its obligations hereunder. This Agreement has been duly authorized, executed and delivered by KELLY TRANSPORT and constitutes the valid and legally binding obligation of KELLY TRANSPORT.

5.3. Litigation. KELLY TRANSPORT is not a party to any litigation or any governmental proceeding and, to the best of its knowledge, there is no valid basis for any such litigation or proceeding. There is no judgment or order of any court or governmental authority in effect against KELLY TRANSPORT.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by their duly authorized officers effective as of the date first written above.

J-FIVE

By: Leland J. Kelly Jr.
Its President

KELLY TRANSPORT

By: Leland J. Kelly Jr.
Its President