

**ARTICLES OF MERGER
OF DOMESTIC CORPORATIONS
INTO
KAPS WAREHOUSE, INC.**

FILED EFFECTIVE
2004 OCT -3 AM 8:58
STATE OF IDAHO

Pursuant to the provisions of Section 30-1-1106 of the Idaho Business Corporation Act, the undersigned domestic 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:

Name of Corporation	State
KAPS Warehouse, Inc.	Idaho
KAPS Automotive Warehouse, Inc.	Idaho

SECOND: The name of the surviving corporation is KAPS Warehouse, Inc., and it is to be governed by the laws of the State of Idaho.

THIRD: The following Plan of Merger was approved by the shareholders and board of KAPS Automotive Warehouse, Inc. and KAPS Warehouse, Inc. in the manner prescribed by the Idaho Business Corporation Act:

SEE ATTACHED PLAN AND AGREEMENT OF MERGER

FOURTH: 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:

Name of Corporation	Number of Shares Outstanding	Class	Shares Entitled to Vote as a Class
KAPS Warehouse, Inc.	27,250	Common	27,250
KAPS Automotive Warehouse, Inc	40,000	Common	40,000

FIFTH: 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:

Name of Corporation	For	Against	Class	For	Against
KAPS Warehouse, Inc.	27,250	0	Common	27,250	0
KAPS Automotive Warehouse, Inc	40,000	0	Common	40,000	0

IDAHO SECRETARY OF STATE
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SIXTH: The surviving corporation is to be governed by the laws of the State of Idaho and such surviving corporation hereby: (a) agrees that it may be served with process in the State of Idaho in any proceeding for the enforcement of any obligation of the undersigned domestic corporations and in any proceeding for the enforcement of the rights of a dissenting shareholder of either domestic corporations against the surviving domestic corporation; and (b) agrees that it will promptly pay to the dissenting shareholders of either domestic corporations the amount, if any, to which they shall be entitled under the provisions of the Idaho Business Corporation Act with respect to the rights of dissenting shareholders.

IN WITNESS WHEREOF, the undersigned Officers have signed their names hereto and have caused their respective corporate seals of the Constituent Corporations to be affixed hereto the ____ day of October, 2004, with the understanding that this transaction shall be effective upon the close of business on December 31, 2004.

KAPS Warehouse, Inc.

By: Bill J. (Bill) Sponenburgh
Bill Sponenburgh, President

Attest:

By: Lynda Sponenburgh
Lynda Sponenburgh, VP/Secretary

KAPS Automotive Warehouse, Inc.

By: Bill J. (Bill) Sponenburgh
Bill Sponenburgh, President

Attest:

By: Lynda Sponenburgh
Lynda Sponenburgh, VP/Secretary

STATE OF IDAHO)

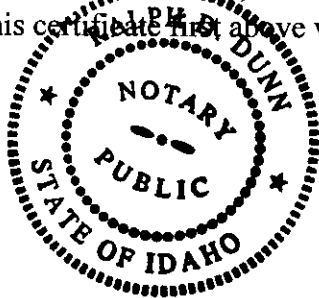
County of Bannock)

:SS.

On this 4th day of October, 2004, before me, the undersigned, a Notary Public in and for said County and State, personally appeared **BILL SPONENBURGH** and **LYNDA SPONENBURGH**, known or identified to me to be the President and VP/Secretary respectively, of **KAPS WAREHOUSE, INC.**, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

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

(SEAL)



Ralph D. Dunn
NOTARY PUBLIC FOR IDAHO
Residing at: Blackfoot, Id
My commission expires: 12-13-05

STATE OF IDAHO)

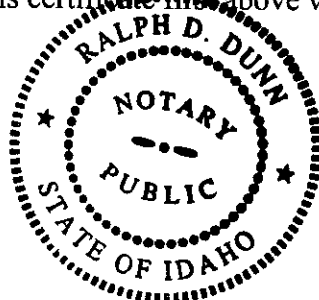
County of Bannock)

:SS.

On this ___ day of October, 2004, before me, the undersigned, a Notary Public in and for said County and State, personally appeared **BILL SPONENBURGH** and **LYNDA SPONENBURGH**, known or identified to me to be the President and VP/Secretary respectively, of **KAPS AUTOMOTIVE WAREHOUSE, INC.**, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

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

(SEAL)



Ralph D. Dunn
NOTARY PUBLIC FOR IDAHO
Residing at: Blackfoot, Id
My commission expires: 12-13-05

PLAN AND AGREEMENT OF MERGER

between
KAPS Warehouse, Inc.
An Idaho Corporation
(The Surviving Corporation)

and
KAPS Automotive Warehouse, Inc.
An Idaho Corporation
(The Merging Corporation)

2004 OCT -8 AM 8:58
STATE OF IDAHO

PLAN AND AGREEMENT OF MERGER, dated October 4th, 2004, between KAPS Warehouse, Inc., an Idaho corporation (hereinafter referred to as "KAPS" and sometimes referred to as the "Surviving Corporation"), and KAPS Automotive Warehouse, Inc, an Idaho corporation (hereinafter referred to as the "Merging Corporation"), which two corporations are hereinafter sometimes referred to as the "Constituent Corporations".

RECITALS

A. KAPS is validly organized, existing and in good standing under the laws of the State of Idaho. The Merging Corporation is validly organized, existing and in good standing under to laws of the State of Idaho.

B. KAPS has an authorized capital of 250,000 shares of common stock with a par value of \$1 each, of which on the date of execution of this Agreement 27,250 shares were issued and outstanding. Bill Sponenburg and Lynda Sponenburg, husband and wife, are the sole shareholders of KAPS.

C. The Merging Corporation has an authorized capital of 50,000 shares of Common Stock with no par value, of which on the date of execution of this Agreement 40,000 shares were issued and outstanding, and 10,000 shares were held in its treasury, and no shares were subject to stock options held by officers and employees. Seventy-five percent of the outstanding shares are held be Bill Sponenburg and Lynda Sponenburg, husband and wife. The remaining shares are held by KAPS.

D. The Boards of Directors of the Constituent Corporations deem it advisable and in the best interests of their respective corporations and stockholders that the Merging Corporation merge with and into KAPS in accordance with the provisions of applicable statutes of the State of Idaho, and have entered in to this Agreement of Merger in connection with the merger.

NOW, THEREFORE, the Constituent Corporations agree, each with the other, to merge into a single corporation which shall be KAPS, the Surviving Corporation, pursuant to the laws of the State of Idaho, and agree upon and prescribe the terms and conditions of the statutory merger, the method of carrying it into effect and the manner and basis of converting the shares of the Merging Corporation into shares of the Surviving Corporation, as herein set forth:

1. **Surviving Corporation**. On the effective date of the merger, the Merging Corporation shall be merged with and into KAPS and the separate existence of the Merging

Corporation shall cease; the Constituent Corporations shall become a single corporation which shall continue to bear the name of the Surviving Corporation, i.e. KAPS Warehouse, Inc.

2. **Articles of Incorporation of Surviving Corporation.** The Articles of Incorporation of KAPS in effect immediately prior to the effective date of the merger shall continue to be the Articles of Incorporation of the Surviving Corporation, until altered or repealed in the manner provided by law.

3. **By-Laws of Surviving Corporation.** The By-Laws of KAPS in effect immediately prior to the effective date of the merger shall continue to be the By-Laws of the Surviving Corporation, until altered or repealed in the manner provided by law and such By-Laws.

4. **Directors and Officers of Surviving Corporation.** The Directors and Officers of KAPS immediately prior to the effective date of the merger shall continue to be the directors of the Surviving Corporation, to hold office for the terms specified in the By-Laws of the Surviving Corporation and until their respective successors are duly elected and qualified.

5. **Manner and Basis of Conversion of Shares.** The treatment of the shares of KAPS, the manner of converting the shares of the Merging Corporation into shares of common stock of the Surviving Corporation, and the treatment of outstanding options to purchase share of the Merging Corporation, if any, shall be as follows:

A. Each share of Common Stock of KAPS which is issued and outstanding or in its treasury immediately prior to the effective date of the merger shall not be affected, converted or exchanged as a result of the merger, and shall continue to be one fully paid and nonassessable share of the Surviving Corporation's Common Stock with no par value.

B. Each single share of the Merging Corporation's Common Stock which is issued and outstanding immediately prior to the effective date of the merger, shall by virtue of the merger be converted into and become, without action on the part of the holder of such Common Stock, 1 fully paid and nonassessable shares of Common Stock of the Surviving Corporation. Such certificates may, but need not be, exchanged by the holders thereof after the merger becomes effective for new certificates for the appropriate number of shares bearing the name of the Surviving Corporation. However, until the holder or holders of stock certificates issued by the merging corporation exchange their certificates for new certificates issued by the Surviving Corporation, said holder or holders shall receive no dividends with respect to the common stock of the Surviving Corporation that would be received in exchange.

C. Except as otherwise provided in the preceding paragraph B, all issued and outstanding shares of the Merging Corporation shall, by virtue of the Merger and at the effective date, cease to exist and certificates representing such shares shall be canceled. Moreover, on the effective date of the merger, any shares of Common Stock of the Merging Corporation which are then held in its treasury, in the treasury of any subsidiary, or by KAPS (the Surviving

Corporation), shall be canceled and retired without further action, and no shares of Common stock of the Surviving Corporation shall be issued in respect thereof.

D. Inasmuch as the sole shareholder of KAPS is also the sole shareholder of the Merging Corporation, there will be no dissenting shareholders.

6. **Effect of Merger.** On the effective date of the merger, the Surviving Corporation shall possess all the rights, privileges, powers, and franchises of a public as well as a private nature of each of the Constituent Corporations, and shall become subject to all the restrictions, disabilities and duties of each of the Constituent Corporations and all of the singular rights, privileges, powers and franchises of each of the Constituent Corporations. All property, real, personal and mixed, and debts due to each of the Constituent Corporations on whatever account, including stock subscriptions as well as all other things in action or belonging to each of the Constituent Corporations shall be vested in the Surviving Corporation. By the same token, all of the creditors and liens upon any property of either of the Constituent Corporations shall thenceforth attach to the Surviving Corporation, and may be enforced against it to the same extent as if said obligations had been incurred or contracted by it.

If at any time after the merger becomes effective it shall appear to the Surviving Corporation that any further assignments or assurances are necessary or desirable to evidence the vesting in the Surviving Corporation of the title to any of the property or rights of the Merging Corporation, those persons who were proper officers and directors of the Merging Corporation 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 the Surviving Corporation. For such purposes the capacity and authority of the Merging Corporation and its officers shall be deemed to be continuing.

7. **Accounting.** When the merger becomes effective, subject to such changes, adjustments or eliminations as may be made in accordance with generally accepted accounting principles, (a) the assets and liabilities of the Constituent Corporations shall be recorded in the accounting records of the Surviving Corporation at the amounts at which they shall be carried at that time in the accounting records of the Constituent Corporations, (b) copies of the balance sheets of each corporation have been made available to the shareholders of both corporations.

8. **Abandonment.** Anything herein or elsewhere to the contrary notwithstanding, this Plan and Agreement of Merger may be abandoned by action of the Board of Directors of either KAPS Warehouse, Inc. or the Merging Corporation at any time prior to the effective date of the merger, should the sole shareholder of either corporation determine that it is not in the best interest of either of the constituent Corporations to complete the merger.

9. **Representations and Warranties.** KAPS Warehouse, Inc. and the Merging Corporation each represents and warrants to the other that between the date hereof and the time when the merger becomes effective they will not enter into any employment contracts, grant any

stock options or issue any stock or securities, except upon the exercise of presently outstanding restricted stock options, or declare or pay any dividends in stock or cash or make any other distribution on or with respect to their outstanding stock.

10. **Effective Date.** The effective date of the merger provided for by this Agreement shall be the close of business December 31, 2004.

IN WITNESS WHEREOF, the undersigned Officers have signed their names hereto and have caused their respective corporate seals of the Constituent Corporations to be affixed hereto the 4th day of October, 2004.

KAPS Warehouse, Inc.
an Idaho Corporation
(the "Surviving Corporation")

By: Bill Sponenburgh
Bill Sponenburgh, President

Attest:

By: Lynda Sponenburgh
Lynda Sponenburgh, VP/Secretary

KAPS Automotive Warehouse, Inc.
an Idaho Corporation
(the "Merging Corporation")

By: Bill Sponenburgh
Bill Sponenburgh, President

Attest:

By: Lynda Sponenburgh
Lynda Sponenburgh, VP/Secretary

STATE OF IDAHO)

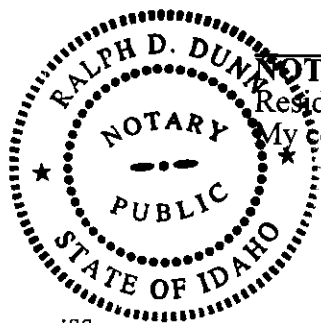
County of Bannock)

:SS.

On this 4th day of October, 2004, before me, the undersigned, a Notary Public in and for said County and State, personally appeared **BILL SPONENBURGH** and **LYNDA SPONENBURGH**, known or identified to me to be the President and VP/Secretary respectively, of **KAPS WAREHOUSE, INC.**, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

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

(SEAL)



NOTARY PUBLIC FOR IDAHO

Residing at: Blackfoot, ID
My commission expires: 12-13-05

STATE OF IDAHO)

County of Bannock)

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