

FILED EFFECTIVE

STATEMENT OF MERGER

2009 DEC 18 PM 3:21

Riverside Benefit Administrators, Inc.
Into
PacificSource Administrators, Inc.

SECRETARY OF STATE
STATE OF IDAHO

The following Statement of Merger is filed pursuant to Idaho Code §30-1-1106 and §30-18-205 by PacificSource Administrators, Inc. dba Manley Services, ("PacificSource"), the surviving corporation in the merger of Riverside Benefit Administrators, Inc., ("Riverside"), with and into PacificSource (the "Merger").

1. The Agreement and Plan of Merger (the "Plan") is attached hereto as Exhibit A and is incorporated herein by reference.
2. Merging Entity: Riverside Benefit Administrators, Inc., which was incorporated in Idaho pursuant to the Idaho Business Corporation Act, under Business Registry No. C122644.
3. Surviving Entity: PacificSource Administrators, Inc. dba Manley Services, which was incorporated in Oregon pursuant to the Oregon Business Corporation Act, and is registered in Idaho under Business Registry No. C147585.
4. The merger will be effective December 31, 2009.
5. Board Approval: The Board of Directors of both entities was required and both have approved the merger, on and subject to the terms set forth in the attached Plan.
6. Shareholder Approval: The Shareholders of both entities was required and was approved. The shareholder vote was as follows:
 - (a) Riverside – 100,000 shares of common stock were outstanding and entitled to vote on the Plan; all were voted in favor of the Plan and no shares were voted against the Plan.
 - (b) PacificSource – 1,000 shares of common stock were outstanding and entitled to vote on the Plan; all were voted in favor of the Plan and no shares were voted against the Plan.
7. Articles of Incorporation of the Surviving Entity: Article III of the Articles of Incorporation of PacificSource will be amended to read in full as follows: "The aggregate number of shares which the Corporation shall have authority to issue is 3,000 shares of common stock with no par value."

IN WITNESS WHEREOF, the undersigned constituent corporations have executed these articles of merger on December 16, 2009.

Riverside Benefit Administrators, Inc.

By: 

Kenneth P. Provencher
President and CEO

PacificSource Administrators, Inc.
dba Manley Services

By: 

Kenneth P. Provencher
President and CEO

IDAHO SECRETARY OF STATE
12/18/2009 05:00
CK: 368346 CT: 172099 BN: 1199982
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C122644

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "Agreement"), dated as of December 15, 2009, is between PacificSource Administrators, Inc. dba Manley Services ("Manley Services"), an Oregon corporation, and Riverside Benefit Administrators, Inc. ("RBA"), an Idaho corporation; the corporations are referred to jointly as the "Constituent Corporations."

RECITALS

A. The Constituent Corporations desire to effect a merger on the terms set forth in this Agreement, pursuant to the provisions of the Oregon Business Corporation Act and the Idaho Entity Transactions Act.

B. The Constituent Corporations intend the merger to be a reorganization within the meaning of IRC §368(a)(1)(A).

AGREEMENT

The Constituent Corporations mutually agree as follows:

SECTION 1. MERGER OF CONSTITUENT CORPORATIONS

1.1 Merger. At the Effective Date, RBA will be merged with and into Manley Services, the separate existence of RBA will cease, and Manley Services will survive as a corporation under the name PacificSource Administrators, Inc. (the "Surviving Corporation"), organized under and governed by the laws of the state of Oregon. From that time, the Surviving Corporation, to the extent consistent with its articles of incorporation as altered by the merger, will possess all the rights, privileges, immunities, and franchises of each of the Constituent Corporations, all property belonging to RBA will be transferred to and vested in the Surviving Corporation without further act or deed, and the Surviving Corporation will be responsible for all liabilities of each of the Constituent Corporations, all in the manner and with the effect set forth in ORS 60.497 and IC 30-18-206.

1.2 Further Assurances. From time to time after the Effective Date, the officers and directors of RBA who were last in office will execute and deliver such deeds and other instruments and will cause to be taken such further actions as will reasonably be necessary in order to vest or perfect in the Surviving Corporation title to and possession of all the property, interests, assets, rights, privileges, immunities, and franchises of RBA.

1.3 Effective Date. The merger of RBA and Manley Services will become effective on the later of the filing of articles of merger pursuant to ORS 60.494 and IC 30-18-205 or December 31, 2009 (the "Effective Date").

1.4 Closing. Subject to the satisfaction of the conditions set forth in Section 4 of this Agreement, the closing of the contemplated transactions will occur at the principal offices of PacificSource Health Plans in Lane County, Oregon, on December 16, 2009, or at another time and place as the Constituent Corporations may mutually agree on. At that time, the parties will cause articles of merger to be filed.

SECTION 2. ARTICLES OF INCORPORATION, BYLAWS, DIRECTORS, AND OFFICERS

2.1 Articles of Incorporation. Article III of the Articles of Incorporation of Manley Services as in effect immediately before the Effective Date will be amended to read in full as follows:

"The aggregate number of shares which the Corporation shall have authority to issue is 3,000 shares of common stock with no par value."

The Articles of Incorporation of Manley Services as so amended will be the Articles of Incorporation of the Surviving Corporation until amended in accordance with applicable law.

2.2 Bylaws. The bylaws of Manley Services as in effect immediately before the Effective Date will be the bylaws of the Surviving Corporation until amended or repealed.

2.3 Directors and Officers. The board of directors of the Surviving Corporation will consist of persons who are directors of Manley Services immediately before the Effective Date, and they will hold office in each case until their successors are elected and qualify. The officers of the Surviving Corporation will be persons who are the officers of Manley Services immediately before the Effective Date, and they will hold office in each case at the pleasure of the board of directors of the Surviving Corporation.

SECTION 3. MANNER AND BASIS OF CONVERTING SHARES

3.1 Conversion of Shares. At the Effective Date:

3.1.1 Each share of common stock of RBA that is issued and outstanding immediately before the Effective Date (excluding shares held by shareholders who have properly exercised their right to appraisal under the Idaho Entity Transactions Act – "Dissenting Shares") will be converted into one-thousands of one share (.001) of fully paid and nonassessable common stock of the Surviving Corporation.

3.1.2 Each share of common stock of Manley Services that is issued and outstanding immediately before the Effective Date will continue to be an issued and outstanding share of common stock of the Surviving Corporation.

3.2 Adjustment of Conversion Ratio. If, between the date of this Agreement and the Effective Date, RBA or Manley Services reclassifies, combines, or subdivides its common stock, or declares or pays any dividend or distribution in shares of its common stock, or has agreed to do any of the foregoing as of a record date before the Effective Date, then an appropriate adjustment will be made in the number of shares of common stock of the Surviving Corporation into which shares of common stock of RBA would otherwise be converted by the merger.

3.3 Certificates for Shares. Each certificate that, before the Effective Date, represented shares of common stock of Manley Services, from and after the Effective Date, will represent shares of common stock of the Surviving Corporation. Except as provided in Section 3.4 with respect to Dissenting Shares, each certificate that, before the Effective Date, represented shares of common stock of RBA, from and after the Effective Date, will represent the number of shares of common stock of Manley Services into which such shares are converted. Each

holder of shares of common stock of RBA that are converted in the merger into shares of common stock of the Surviving Corporation, on surrender of the certificate therefore to the Surviving Corporation, will be entitled to receive a certificate evidencing the ownership of shares of the Surviving Corporation into which such shares of common stock of RBA are converted at the Effective Date.

3.4 Dissenting Shares. Each Dissenting Share will be treated in accordance with the provisions of IC 30-1-1302 - 1331 relating to appraisal rights.

SECTION 4. CONDITIONS

4.1 Conditions to Obligation of RBA. The obligation of RBA to effect the merger is subject to the satisfaction or waiver of each of the following conditions:

4.1.1 This Agreement will have been duly approved by the board of directors of Manley Services in accordance with the Oregon Business Corporation Act.

4.1.2 This Agreement will have been approved by the holders of a majority of the outstanding shares of common stock of RBA entitled to vote on the matter and by the holders of a majority of the outstanding shares of common stock of Manley Services entitled to vote on the matter in accordance with the Oregon Business Corporation Act and Idaho Entity Transactions Act.

4.2 Conditions to Obligation of Manley Services. The obligation of Manley Services to effect the merger is subject to the satisfaction or waiver of each of the following conditions:

4.2.1 This Agreement will have been duly approved by the board of directors of RBA in accordance with the Idaho Entity Transactions Act.

4.2.2 This Agreement will have been approved by the holders of a majority of the outstanding shares of common stock of RBA entitled to vote on the matter and by the holders of a majority of the outstanding shares of common stock of Manley Services entitled to vote on the matter in accordance with the Oregon Business Corporation Act and Idaho Entity Transactions Act.

4.2.3 No written notices of intention to demand payment of the fair value of the shares in accordance with provisions of IC 30-1-1321 will have been received prior to the taking of the vote of shareholders of the respective Constituent Corporations.

SECTION 5. TERMINATION

5.1 Failure of Shareholder Approval. This Agreement will automatically terminate in the event that it is brought to a vote and not adopted by the holders of a majority of the outstanding shares of common stock of either RBA or Manley Services, respectively, entitled to vote thereon at a meeting called for such purpose in accordance with the Oregon Business Corporation Act or Idaho Entity Transactions Act.

5.2 Other Termination. This Agreement may be terminated and the merger abandoned at any time before the Effective Date, whether before or after submission to or approval by the shareholders of either of the Constituent Corporations:

5.2.1 By mutual agreement of the boards of directors of RBA and Manley Services;

5.2.2 By the board of directors of RBA if any condition provided in Section 4.1 of this Agreement has not been satisfied or waived on or before the Effective Date;

5.2.3 By the board of directors of Manley Services if any condition provided in Section 4.2 of this Agreement has not been satisfied or waived on or before the Effective Date;

5.2.4 By the board of directors of either RBA or Manley Services (but only if the terminating party is not then in material breach of any agreement contained in this Agreement) if there has been a material breach of any of the agreements set forth in this Agreement on the part of the other party, which breach is not cured within 10 days after written notice to the party committing the breach, or which breach, by its nature, cannot be cured before the closing; or

5.2.5 By the board of directors of either RBA or Manley Services if the closing of the Merger has not occurred on or before December 31, 2009, unless the failure of the closing to occur by that date is due to the breach by the party seeking to terminate this Agreement of any agreement of that party set forth in this Agreement.

5.3 Effect of Termination. If this Agreement is terminated as provided in Section 5, this Agreement will become wholly void and of no effect, each party will bear its own expenses, and, except for the liability of a party whose material breach of any of the agreements set forth in this Agreement has occasioned the termination of this Agreement by the non-defaulting party, there will be no liability or obligation on the part of either party.

SECTION 6. MISCELLANEOUS PROVISIONS

6.1 Waivers. Each party, by written instrument, may extend the time for performing any of the obligations or other acts of the other party, waive performance of any of the obligations of the other party set forth in this Agreement, or waive any condition to its obligation to effect the merger other than the conditions contained in Sections 4.1.1, 4.1.2, 4.2.1, and 4.2.2 of this Agreement.

6.2 Survival. None of the agreements in this Agreement, including any rights arising out of any breach of such agreements, will survive the Effective Date, except for those agreements that by their express terms apply in whole or in part after the Effective Date.

6.3 Amendment. This Agreement may be amended at any time before the Effective Date, whether before or after the meetings of the shareholders of the respective Constituent Corporations, with approval of the respective boards of directors of the Constituent Corporations, as long as the amendment will not change the conversion ratios set forth in Section 3.1 of this Agreement without the approval of the shareholders of the Constituent Corporations.

6.4 Expenses. Each party will pay the expenses incurred by it in connection with the transactions contemplated hereby.

6.5 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the state of Oregon, without regard to conflict-of-laws principles.

The parties enter into this agreement as of the date first written above.

PacificSource Administrators, Inc.
dba Manley Services

By: _____

Kenneth P. Provencher
President/CEO

Riverside Benefit Administrators, Inc.

By: _____

Kenneth P. Provencher
President/CEO