

MERGER AGREEMENT

THIS AGREEMENT made this 30th day of September, 1974, between REO INDUSTRIES, INC., a corporation organized and existing under the laws of the State of Idaho, having its principal office at Hayden Lake, County of Kootenai, State of Idaho, hereinafter referred to as "the Idaho corporation", or "the surviving corporation", LOS ANGELES ALUMINUM CASTING CORPORATION, a corporation organized and existing under the laws of the State of California, hereinafter referred to as "Los Angeles Aluminum", and R. E. O. ENTERPRISES, INC., a corporation organized and existing under the laws of the State of California, hereinafter referred to as "R. E. O.",

W I T N E S S E T H That

WHEREAS, the total number of shares of stock which the Idaho corporation is authorized to issue is 200,000 shares, consisting of one class only, that being common stock, having a par value of \$1.00 per share, and an aggregate par value of \$200,000, of which total number of shares of stock authorized to be issued THE IDAHO CORPORATION has heretofore issued only three (3) shares of such capital stock, leaving 199,997 of authorized unissued capital stock, and

WHEREAS, the total number of shares of stock which LOS ANGELES ALUMINUM is authorized to issue 2,500 shares of common stock, having a par value of \$10.00 per share and an aggregate par value of \$25,000, of which said shares 600 shares have heretofore been issued by the corporation, and

WHEREAS, the total number of shares of stock which R. E. O. is authorized to issue is 2,500 shares having a par value of \$10.00 per share and an aggregate par value of \$25,000, of which said shares 500 shares have heretofore been issued; and

WHEREAS, LOS ANGELES ALUMINUM and R. E. O. have heretofore ceased doing business within the State of California, and all assets of said corpor-

ations have heretofore been removed to the State of Idaho where LOS ANGELES ALUMINUM, having qualified to do business in the State of Idaho, conducts the business operations theretofore conducted by R. E. O. and LOS ANGELES ALUMINUM in the State of California, and

WHEREAS, R. E. O. and LOS ANGELES ALUMINUM are authorized to engage in the same general business as THE IDAHO CORPORATION is authorized to engage in, and

THE IDAHO CORPORATION was specifically formed for the purpose of merging R. E. O. and LOS ANGELES ALUMINUM into THE IDAHO CORPORATION so that the latter, as surviving corporation, may continue and carry on the business theretofore conducted by R. E. O. and LOS ANGELES ALUMINUM with no substantial change in ownership of the capital stock or proprietary interests in the involved corporations, and

WHEREAS, the Boards of Directors of each of the respective corporations above named deem it desirable and in the best interests of each respective corporation, and their respective shareholders, that R. E. O. and LOS ANGELES ALUMINUM be merged into REO Industries, Inc., the surviving corporation.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties hereto, the constituent corporations agree, pursuant to the provisions of Section 30-151, Idaho Code, et seq. and the corresponding statutory provisions of the State of California, that R. E. O. and LOS ANGELES ALUMINUM shall be merged into the surviving corporation, REO Industries, Inc., as a single corporation; and the parties hereto hereby agree to and prescribe the terms and conditions of such merger, the method of carrying it into effect, and the manner of converting the shares of R. E. O. and LOS ANGELES ALUMINUM into shares or other securities of the surviving corporation, as follows:

ARTICLE I.

REO Industries, Inc. to be Surviving Corporation

R. E. O. and LOS ANGELES ALUMINUM shall each be merged into REO Industries, Inc., an Idaho corporation, as surviving corporation, and the corporate existence of R. E. O. and LOS ANGELES ALUMINUM shall cease, and the corporate existence of the surviving corporation shall continue under the name REO Industries, Inc., and the latter, as surviving corporation, shall become the owner without other transfer, of all of the rights and property of the constituent corporations, and surviving corporation shall become subject to all of the debts and liabilities of the constituent corporations in the same manner as if surviving corporation had itself incurred such debts and liabilities.

ARTICLE II.

Principal Office

The principal office of the surviving corporation, which is currently located at Hayden Lake, Kootenai County, Idaho, shall remain the principal office of the corporation following this merger.

ARTICLE III.

Objects and Purposes

The nature of the business and the objects and purposes proposed to be transacted, promoted and carried on by the surviving corporation following the merger are identical to the purposes and objects for which the surviving corporation was organized as set forth in Paragraph Second of the Articles of Incorporation of REO Industries, Inc. filed with the Secretary of State of the State of Idaho on the 19th day of August, 1974, reference to which said Articles of Incorporation are had for further particulars.

ARTICLE IV.

Articles of Incorporation

The Articles of Incorporation of the surviving corporation shall be and remain in effect as filed with the Secretary of State of the State of Idaho on August 19, 1974, unless and until the same be amended or otherwise modified in the manner prescribed by law following the effective date of this agreement.

ARTICLE V.

By-Laws

The present By-Laws of the surviving corporation, insofar as not being inconsistent with this agreement of merger, shall be the By-Laws of the corporation following the merger until altered, amended, or repealed as therein provided.

ARTICLE VI.

Names and Addresses of Directors

The names and addresses of the persons who constitute the Board of Directors of the surviving corporation, following merger, and who shall hold office until the first annual meeting of the shareholders of the surviving corporation scheduled to be held on July 30, 1975, are as follows:

Robert E. Oswald	P.O. Box 730, Hayden Lake, Idaho
Helen E. Oswald	P.O. Box 730, Hayden Lake, Idaho
Robert E. Oswald, Jr.	P.O. Box 730, Hayden Lake, Idaho

ARTICLE VII.

Method of Converting Shares

Immediately upon this agreement of merger becoming effective, each share of R. E. O. and each share of LOS ANGELES ALUMINUM shall, without any other action on the part of the respective holders thereof, become and be converted into ten (10) shares of the capital stock of the surviving corporation; that is to say, each share of the capital stock of R. E. O. and each share of the capital stock of LOS ANGELES ALUMINUM shall be converted into ten (10) shares of the surviving cor-

poration, and the stock as so converted into shares of the surviving corporation shall be deemed fully paid and non-assessable shares of common stock of the surviving corporation; each stock certificate nominally representing shares of stock of R. E. O. or shares of stock of LOS ANGELES ALUMINUM shall, for all purposes, be deemed to evidence the ownership of common stock in the surviving corporation equal to ten (10) times the number of shares nominally representing shares in the constituent corporations, LOS ANGELES ALUMINUM and R. E. O. The holders of certificates representing ownership of shares in R. E. O. or in LOS ANGELES ALUMINUM shall not be required immediately to surrender the same in exchange for certificates of common stock of the surviving corporation, but, as certificates nominally representing shares of stock of R. E. O. or LOS ANGELES ALUMINUM are surrendered for transfer, the surviving corporation will cause to be issued certificates representing shares of the common stock of the surviving corporation equal to ten (10) times the number of shares represented in the certificate or certificates surrendered for transfer, and at any time upon surrender by the holder of certificates nominally representing shares in R. E. O. or in LOS ANGELES ALUMINUM, the surviving corporation will cause to be issued therefor certificates for ten (10) times the number of shares represented thereby of fully paid for, non-assessable common stock of the surviving corporation.

ARTICLE VIII.

Dividends Prior to Merger

Until this agreement of merger becomes effective or abandoned, the constituent corporations may not pay dividends on their respective stock.

ARTICLE IX.

Extraordinary Transactions

None of the parties hereto shall, prior to the effective date of the merger, engage in any activity or transaction other than in the ordinary course of business, except as contemplated by this agreement.

X.

Continuation of Profit Sharing Plan

It is understood between the parties hereto that LOS ANGELES ALUMINUM has heretofore adopted a qualified profit sharing plan for the exclusive benefit of its employees, denominated as the "Los Angeles Aluminum Casting Corporation Employees' Profit Sharing Plan", and that contributions have heretofore, and from time to time, been made by LOS ANGELES ALUMINUM to the trustee designated pursuant to the provisions of said plan for the exclusive benefit of the employees of LOS ANGELES ALUMINUM; it is the desire of all parties hereto that the surviving corporation continue said plan for the benefit of the employees of surviving corporation, upon the same terms and conditions as set forth in the aforementioned profit sharing plan of LOS ANGELES ALUMINUM, and surviving corporation agrees to perform all acts and undertake all obligations of LOS ANGELES ALUMINUM pursuant to the provisions of the aforementioned "Los Angeles Aluminum Casting Corporation Employees' Profit Sharing Plan", and to do and perform any and all acts which may be required for the purpose of continuing said plan by the surviving corporation.

ARTICLE XI.

Submission to Stockholders; Effective Date

This agreement shall be submitted to the stockholders of R. E. O. and LOS ANGELES ALUMINUM in the manner provided by the statutes of the State of California, and by Section 30-152, Idaho Code, and to the stockholders of the Idaho corporation in the manner provided by Section 30-152, Idaho Code, and if the votes of the stockholders of each respective corporation representing two-thirds (2/3) of the voting power of all shareholders of each of said corporations shall be in favor of the adoption of this agreement, it shall, subject to the provisions of Article XII of this agreement, take effect as the agreement of merger of the con-

stituent corporations on the date on which it is filed in the office of the Secretary of State of the State of Idaho, and the office of the Secretary of State of the State of California, together with evidence of its adoption as required by the laws of said respective states.

ARTICLE XII.

Abandonment of Merger

Anything to the contrary herein notwithstanding, if the Board of Directors of the Idaho corporation or the Board of Directors of R. E. O. or the Board of Directors of LOS ANGELES ALUMINUM should determine, either before or after the meeting of the stockholders of the respective corporations called to vote on the adoption or rejection of this agreement of merger, that for any legal, financial, economical or business reason deemed sufficient by such Board it is not in the interests of the corporation it represents, or the stockholders of such corporation, or is otherwise is inadvisable or impracticable to consummate the merger, such Board of Directors may abandon the merger by directing the officers of the corporation to refrain from executing or filing this agreement of merger, and thereupon this agreement shall be void and of no effect.

ARTICLE XIII.

Book Entries

The merger contemplated hereby shall be treated as a pooling agreement of interest and as of the effective date, entries shall be made upon the books of the surviving corporation in accordance with the following:

- (a) The assets and liabilities of R. E. O. and LOS ANGELES ALUMINUM, respectively, shall be recorded at the amounts at which they are carried on the books of each of the latter corporations immediately prior to the effective date.
- (b) There shall be credited to capital account the aggregate

amount of the par value per share of all of the stock of the surviving corporation resulting from the conversion of the outstanding shares of R. E. O. and LOS ANGELES ALUMINUM.


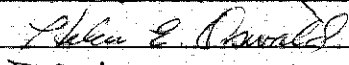
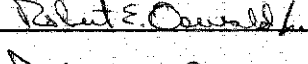
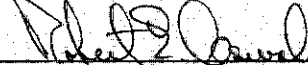
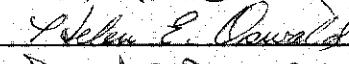
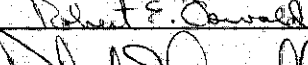

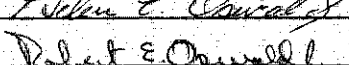
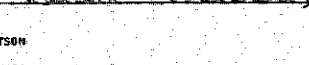
(c) There shall be credited to capital account for stockholders' equity an amount equal to that carried in the capital account, or stockholders' equity account, of R. E. O. and LOS ANGELES ALUMINUM immediately prior to the effective date.

ARTICLE XIV.

Costs of Merger

All costs incurred with respect to the completion of the merger, including, but not limited to, legal and accounting fees, shall be borne by the surviving corporation.

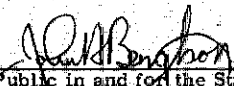
IN WITNESS WHEREOF, the Directors of the surviving corporation and the Directors of R. E. O. and LOS ANGELES ALUMINUM, have executed this agreement under their respective corporate seals, on the day and year first above written.

	Director	SURVIVING CORPORATION
	Director	SURVIVING CORPORATION
	Director	SURVIVING CORPORATION
	Director	R. E. O.
	Director	R. E. O.
	Director	R. E. O.
	Director	LOS ANGELES ALUMINUM
	Director	LOS ANGELES ALUMINUM
	Director	LOS ANGELES ALUMINUM

STATE OF IDAHO)
) ss.
County of Nez Perce)

On this 30th day of September, 1974, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT E. OSWALD and HELEN E. OSWALD, to me known to be the President and Secretary respectively, of REO Industries, Inc., an Idaho corporation, which executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

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

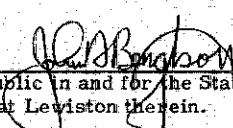


Notary Public in and for the State of Idaho,
Residing at Lewiston therein.

STATE OF IDAHO)
) ss.
County of Nez Perce)

On this 30th day of September, 1974, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT E. OSWALD and HELEN E. OSWALD, to me known to be the President and Secretary, respectively, of R. E. O. Enterprises, Inc., a California corporation, which executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

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

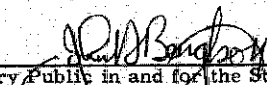


Notary Public in and for the State of Idaho,
Residing at Lewiston therein.

STATE OF IDAHO)
) ss.
County of Nez Perce)

On this 30th day of September, 1974, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT E. OSWALD and HELEN E. OSWALD, to me known to be the President and Secretary, respectively, of Los Angeles Aluminum Casting Corporation, a California corporation, which executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

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



Notary Public in and for the State of Idaho,
Residing at Lewiston therein.

C E R T I F I C A T E

I, HELEN E. OSWALD, the duly elected, qualified and acting Secretary of REO Industries, Inc., an Idaho corporation, do hereby certify that at a meeting of the shareholders of said corporation, held on September 26th, 1974, the shareholders of said corporation unanimously adopted a resolution, adopting, ratifying and approving the execution of the foregoing Merger Agreement; that such resolution has not been repealed or modified since its adoption by the shareholders of said corporation, nor has the Board of Directors of said corporation abandoned said merger agreement.

DATED this 30th day of September, 1974.


HELEN E. OSWALD, Secretary

C E R T I F I C A T E

I, HELEN E. OSWALD, the duly elected, qualified and acting Secretary of R. E. O. Enterprises, Inc., a California corporation, do hereby certify that at a meeting of the shareholders of said corporation, held on September 26th, 1974, the shareholders of said corporation unanimously adopted a resolution, adopting, ratifying and approving the execution of the foregoing Merger Agreement; that such resolution has not been repealed or modified since its adoption by the shareholders of said corporation, nor has the Board of Directors of said corporation abandoned said merger agreement.

DATED this 30th day of September, 1974.


HELEN E. OSWALD, Secretary

C E R T I F I C A T E

I, HELEN E. OSWALD, the duly elected, qualified and acting Secretary of Los Angeles Aluminum Casting Corporation, a California corporation, do hereby certify that at a meeting of the shareholders of said corporation, held on September 26th, 1974, the shareholders of said corporation unanimously adopted a resolution, adopting, ratifying and approving the execution of the foregoing Merger Agreement; that such resolution has not been repealed or modified since its adoption by the shareholders of said corporation, nor has the Board of Directors of said corporation abandoned said merger agreement.

DATED this 30th day of September, 1974.


HELEN E. OSWALD, Secretary