

62522-b  
03085

# State of Idaho

## Department of State.

### CERTIFICATE OF MERGER OR CONSOLIDATION

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho hereby certify that duplicate originals of Articles of Merger of \_\_\_\_\_

PANHANDLE KNITS, INC., an Idaho corporation,

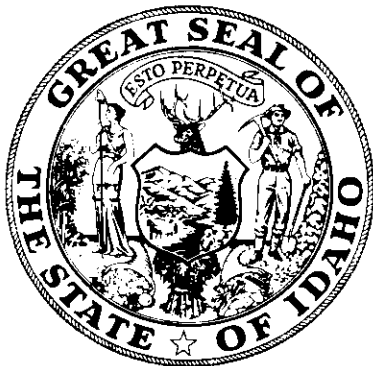
into SEPAC, INC., a Washington corporation,

duly signed and verified pursuant to the provisions of the Idaho Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue, of the authority vested in me by law, I issue this certificate of merger, and attach hereto a duplicate original of the Articles of

Merger.

Dated March 8, 19 91.



*Pete T. Cenarrusa*

SECRETARY OF STATE

*[Signature]*  
Corporation Clerk

RECEIVED  
SEC. OF STATE  
91 MAR 8 AM 9 11

## ARTICLES OF MERGER

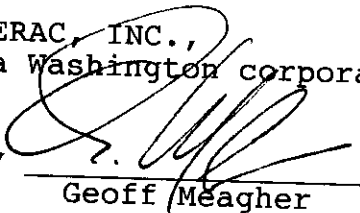
THE UNDERSIGNED, acting pursuant to Chapter 23B.11 of the Revised Code of Washington and Chapter 30-1 of the Idaho Code, do hereby execute and deliver in duplicate to the Secretary of State of the state of Washington, and to the Secretary of State of the state of Idaho, the following Articles of Merger, reflecting the merger of PANHANDLE KNITS, INC., an Idaho corporation, with and into SERAC, INC., a Washington corporation, and further provide that:

1. The Plan and Agreement of Merger is attached to these Articles of Merger, and is hereby incorporated by reference.
2. As to Panhandle Knits, Inc., the number of shares outstanding is 50.
3. Shareholder approval was not required with respect to the shareholders of Serac, Inc., pursuant to RCW 23B.11.030(7).
4. The Plan and Agreement of Merger was duly approved by a vote of the shareholders of Panhandle Knits, Inc., pursuant to IC 30-1-73. The total number of shares of Panhandle Knits, Inc. outstanding is 50, and all 50 shares voted in favor of the Plan and Agreement of Merger. No shares of Panhandle Knits, Inc. voted against such Plan. The approval of the shareholders of Panhandle Knits, Inc. also conformed in all respects to the requirements of RCW 23B.11.030.

DATED this 31st day of December, 1990.

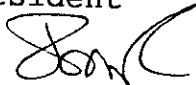
SERAC, INC.,  
a Washington corporation

By

  
Geoff Meagher  
Its President


Attest:

Title:

  
R. John Kubiak, Jr.  
Secretary

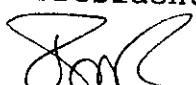
PANHANDLE KNITS, INC.,  
an Idaho corporation

By

  
R. John Kubiak, Jr.  
Its President

Attest:

Title:

  
R. John Kubiak, Jr.  
Secretary

STATE OF IDAHO     )  
                              : ss.  
County of Bonner    )

I, BARBARA J. McMAINS, a notary public, do hereby certify that on this 14th day of FEBRUARY, 1991, personally appeared before me R. JOHN KUBIAK, JR., who, being by me first duly sworn, declared that he is the President of PANHANDLE KNITS, INC., that he signed the foregoing document as President of the corporation, and that the statements therein contained are true.

Barbara J. McMains  
NOTARY PUBLIC in and for the State  
of Idaho, residing at Boise, ID  
My Commission Expires: 7.25.94

C:\WP51\AGMT\SERAC.MER;ng

**PLAN AND AGREEMENT OF MERGER  
BETWEEN  
SERAC, INC.  
AND  
PANHANDLE KNITS, INC.**

The PARTIES to this Agreement are:

1. SERAC, INC., a Washington corporation, 2101 Pine Street, Sandpoint, Idaho 83864 ("Serac"); and
2. PANHANDLE KNITS, INC., an Idaho corporation, 2101 Pine Street, Sandpoint, Idaho 83864 ("Panhandle").

The BACKGROUND of this Agreement is as follows:

1. Panhandle is a corporation organized under the laws of the state of Idaho. The shareholders of this corporation are set forth in Exhibit A.1, hereby incorporated by reference.
2. Serac is a corporation organized under the laws of the state of Washington. The shareholders of this corporation are set forth in Exhibit A.2, hereby incorporated by reference.
3. Though a Washington corporation, Serac's principal facilities are located in Sandpoint, Idaho. Serac has relied on Panhandle as a source of materials and goods incident to its manufacturing and sales operations. Serac has provided Panhandle with certain accounting and other business services.
4. All of Serac's common voting shares and all of Panhandle's common shares are owned by the same individual.
5. Given this close relationship, the parties have determined that it would be in the best interests of both corporations to consolidate their operations. To that end, they are entering into this Agreement of Merger.

The TERMS of this Agreement are as follows:

1. Merger. Panhandle agrees to merge with and into Serac and Serac hereby agrees to merge Panhandle with and into itself. On and after the effective date of this contemplated merger:

- A. Serac shall be the Surviving Corporation, and shall continue to exist as a corporation organized and operating under the laws of the state of Washington and as a foreign corporation doing business in the state of Idaho, with all of the rights and obligations of such Surviving Corporation as are provided by the Washington and Idaho Business Corporation Acts.
  - B. Panhandle shall cease to exist and all its property of whatever nature, subject to its liabilities, known or unknown, fixed or contingent, shall become the property of Serac as the Surviving Corporation by operation of law.
- 2. Articles of Incorporation; Bylaws; Registered Office and Agent.
  - A. The Articles of Incorporation, Bylaws, and Registered Office and Agent of Serac shall continue as the Articles of Incorporation, Bylaws, and Registered Office and Agent of the Surviving Corporation.
  - B. Pursuant to the Idaho Business Corporation Act, Serac accepts and agrees (See Exhibit B -- "Agreement of Serac, Inc." -- incorporated herein by reference) that the Secretary of State of the state of Idaho shall be Serac's agent for service of process in any action or proceeding the nature of which involves the rights, liabilities or obligations of Panhandle or rights to dissent held by any Panhandle shareholders.
- 3. Directors and Officers. The Directors and Officers of Serac shall be the Directors and Officers of the Surviving Corporation to serve until their successors are duly elected and qualified under the Bylaws of the Surviving Corporation.
- 4. Exchange of Stock and Other Property. In consideration of the transfer of its 50 shares of Panhandle to Serac, Serac shall transfer to the sole shareholder of Panhandle 100 voting common shares of Serac for each share of Panhandle, or a total of 5,000 voting common shares of Serac, having no par value. Upon issuance, the Serac shares thus issued shall be deemed to be fully paid and non-assessable.
  - 4.1 Surrender of Panhandle Certificates. As soon as practicable after the merger becomes effective, each Panhandle shareholder shall surrender to Serac their certificate(s) representing outstanding shares of Panhandle, in exchange for the shares described above. Until thus surrendered, each such stock certificate nominally representing common stock of Panhandle shall be deemed

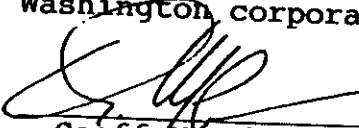
for all corporate purposes to evidence the number of Serac shares which such shareholder would be entitled to receive upon the exchange.


5. Shareholder Approval.

- A. This Plan of Merger need not be submitted to the shareholders of Serac for their approval, pursuant to RCW 23B.11.030(7).
  - B. This Plan of Merger shall be submitted to the shareholders of Panhandle for their approval pursuant to IC §30-1-73, at a meeting to be held on or before December 20, 1990, or at such other time as the Board of Directors of Panhandle shall determine.
  - C. After approval by a vote of the holders of two-thirds (2/3) of the shares entitled to vote thereon of Panhandle in the manner provided, the Articles of Merger shall be filed as required under the laws of the state of Washington and Idaho.
6. Distribution of Assets. All of the assets of Panhandle shall be distributed to Serac, either formally or by operation of law, as soon as practicable following the effective date of the merger.
7. Amendment or Abandonment of Plan. Notwithstanding any of the provisions of this Plan and Agreement, the Directors of either corporation, at any time before or after their approval of this Plan and Agreement, and prior to the Effective Date of the merger contemplated hereby, and for any reason which they may deem sufficient, shall have the power and authority to either amend or abandon this Plan and Agreement.
8. Effective Date. The Effective Date of the merger contemplated hereby shall be December 31, 1990, for all purposes.
9. Rights of Dissenting Shareholders. Any shareholder of Panhandle or Serac who has the right to dissent from this merger as provided in RCW 23B.13.020 or IC §30-1-80, and who so dissents in accordance with the requirements of RCW 23B.13.210 through RCW 23B.13.280 or IC §30-1-81, shall be entitled, upon surrender of the certificate or certificates representing certificated shares or upon imposition of restrictions of transfer of uncertificated shares, to receive payment of the fair value of such shareholder's shares as provided pursuant to RCW 23B.13.250 and IC §30-1-81.


DATED this 30th day of November, 1990.

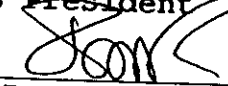
SERAC, INC.,  
a Washington corporation

By   
Geoff Meagher  
Its President

Attest:   
R. John Kubiak, Jr.  
Title: Secretary

PANHANDLE KNITS, INC.,  
an Idaho corporation

By   
R. John Kubiak, Jr.  
Its President

Attest:   
R. John Kubiak, Jr.  
Title: Secretary

C:\WP51\AGMT\SERAC.AGT;ng

EXHIBIT A.1

STOCK OWNERSHIP IN PANHANDLE KNITS, INC.,  
AN IDAHO CORPORATION

<u>Shareholder</u>	<u>Number of Shares</u>
R. John Kubiak, Jr.	50 Common Shares
TOTAL NUMBER OF SHARES ISSUED AND OUTSTANDING:	50 Common Shares

EXHIBIT A.2

STOCK OWNERSHIP IN SERAC, INC.  
A WASHINGTON CORPORATION

1. Non-Voting Common Stock. Of the 32,249 authorized shares, the following persons currently own the indicated number of shares of this class of stock:

Douglas Clerget	4,375
R. John Kubiak, Jr.	<u>26,624</u>

TOTAL ISSUED AND OUTSTANDING: 30,949

2. Voting Common Stock. Of the 25,000 authorized shares, the following persons currently own the indicated number of shares of this class of stock:

R. John Kubiak, Jr.	<u>12,500</u>
---------------------	---------------

TOTAL ISSUED AND OUTSTANDING: 12,500

[The corporation holds an additional 12,500 voting common shares which are authorized but presently unissued.]

3. Preferred Stock. The following persons or entities own the indicated number of shares of this class of stock:

Diawa Seiko	2,000
Marubeni Corporation	<u>1,414</u>

TOTAL ISSUED AND OUTSTANDING: 3,414

EXHIBIT B

AGREEMENT OF SERAC, INC.  
PURSUANT TO IDAHO CODE §30-1-77

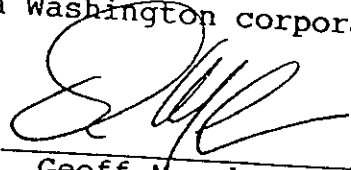
WHEREAS, Panhandle Knits, Inc. ("Panhandle"), an Idaho corporation, is to merge with and into Serac, Inc. ("Serac"), a Washington corporation, Serac, by and through its undersigned authorized agent, does hereby agree to the following pursuant to Idaho Code §30-1-77(b):

- (1) Serac may be served with process in Idaho for the enforcement of any obligation of Panhandle.
- (2) Serac may be served with process in any proceeding of the rights of any dissenting Panhandle shareholder against Serac, the surviving corporation.
- (3) Serac irrevocably appoints the Secretary of State of the State of Idaho as its agent to accept service of process in any proceeding described in 1 and 2 above.
- (4) Serac will promptly pay to any dissenting shareholder of Panhandle the amount, if any, to which they shall be entitled under the Idaho Business Corporation Act with respect to the rights of dissenting shareholders.

DATED this 31st day of December, 1991.

SERAC, INC.,  
a Washington corporation

By

  
\_\_\_\_\_  
Geoff Meagher  
Its President

C:\WP51\AGMT\AGMT.MER;ng

EXHIBIT B