

**ARTICLES OF MERGER OF  
ROUNDTREE OF IDAHO, INC.  
an Idaho corporation**

**WITH AND INTO**

**LITHIA POCA-HON, INC.  
an Idaho corporation**

Pursuant to the provisions of the Idaho Business Corporation Act, the undersigned corporations adopt the following Articles of Merger:

1. The names of the business entities proposing to merge and the states under which such entities are organized are as follows:

<u>Name of Entity</u>	<u>State of Organization</u>
Roundtree of Idaho, Inc. ("Company")	Idaho
Lithia Poca-Hon, Inc. ("Survivor")	Idaho

2. The surviving corporation is Lithia Poca-Hon, Inc., which changes its name to "Lithia/Roundtree Holding Company, Inc." as of the effective date of the merger.

3. The Plan of Merger, attached hereto and incorporated herein, has been adopted, approved, certified, executed and acknowledged by the Company and the Survivor in accordance with the Idaho Business Corporation Act.

4. The Plan of Merger was approved by the unanimous consent of the sole shareholder of Survivor.

5. The number of the Company's shares outstanding at the time of such approval was 100,000 shares, and the number of shares entitled to vote thereon was 100,000. The number of shares voted for the Plan of Merger was 100,000, and the number of shares voted against the Plan of Merger was 0. The number of votes cast for the Plan of Merger was sufficient for approval by the owners of the common stock of Company.

Dated as of the 13<sup>th</sup> day of December, 1999.

**ROUNDTREE OF IDAHO, INC.**

By: 

Frank Stinson, Chairman

**LITHIA POCA-HON, INC.**

By: 

Bryan B. DeBoer, Authorized Agent

12/13/1999 09:00  
CK: none CT: 1117 BH: 273130

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## **PLAN OF MERGER**

This Plan of Merger (the "Plan of Merger") is dated this 13<sup>th</sup> day of December, 1999, and is by and between **ROUNDTREE OF IDAHO, INC.** ("Company") and **LITHIA POCA-HON, INC.** ("Merger Sub"), both Idaho corporations, joined by **LITHIA MOTORS, INC.** ("Lithia"), an Oregon corporation.

### **RECITALS**

1. Company and Merger Sub are each corporations duly organized under the laws of the State of Idaho. Merger Sub was recently formed for the purpose of effectuating the merger contemplated by this Plan of Merger (the "Merger"). Lithia owns all of the capital stock of Merger Sub.
2. Company has its administrative office at 9411 West Fairview, Boise, Idaho 83707.
3. Merger Sub has its administrative office at 360 E. Jackson St., Medford, Oregon.
4. The Board of Directors of each of Company, Merger Sub and Lithia has approved this Plan of Merger and authorized its execution and the performance of all of its obligations hereunder. The shareholders of the Company and Merger Sub have unanimously ratified and approved the Plan of Merger.
5. This Plan of Merger is part of an Agreement and Plan of Reorganization, dated as of July \_\_\_\_\_, 1999 between Lithia, the Company and the Company's Shareholders, as amended by Amendment No. 1, Amendment No. 2 and the Memorandum of Closing (collectively the "Reorganization Agreement"), which agreement sets forth certain matters relative to the Merger and terms that may not be defined herein.
6. At or prior to the date the Merger becomes effective, the parties shall have taken all such actions as may be necessary or appropriate in order to effectuate the Merger.

### **AGREEMENT**

In consideration of the mutual covenants herein contained, the parties hereby adopt this Plan of Merger:

1. The Merger shall be effective upon the filing of the Articles of Merger with the Idaho Secretary of State (the "Effective Date").
2. On the Effective Date, the Company shall merge with and into Merger Sub which will be the continuing corporation ("Surviving Company"). The name of the Surviving Company shall be Lithia/Roundtree Holding Company, Inc.
3. Until altered, amended or repealed, the Articles of Incorporation and Bylaws of Merger Sub on the Effective Date shall be the Articles of Incorporation and Bylaws of Surviving Company except for the name change effected by Section 2 above. Until their successors are elected or appointed and qualified, and subject to prior death, resignation or removal, the officers and directors of Merger Sub on the Effective Date shall be the officers and directors of the Surviving Company.
4. Until thereafter changed, all corporate acts, plans, policies, contracts, approvals and authorizations of the Company and Merger Sub, and their shareholders, officers, agents, Boards of Directors, and committees elected or appointed thereby, which were valid and effective immediately prior

to the Effective Date shall be taken for all purposes as the acts, plans, policies, contracts, approvals and authorizations of Surviving Company and shall be as effective and binding thereon as the same were with respect to the Company and Merger Sub prior to the Effective Date.

5. At the Effective Date, the Company shall, as provided by Idaho law, be merged into Surviving Company, and the separate existence of the Company shall terminate. All rights, franchises and interests of the Company and Merger Sub, respectively, in and to every type of property (real, personal, and mixed) and chooses in action shall be vested in Surviving Company by virtue of the Merger without any deed or other transfer, and Surviving Company, without any order or action on the part of any court or otherwise, shall hold and enjoy all such rights and property, franchises, and interests, including appointments, designations and nominations, in the same manner and to the same extent as such rights, franchises, and interests were held or enjoyed by the Company and Merger Sub, respectively, on the Effective Date.

6. On the Effective Date, Surviving Company shall be liable for all liabilities of the Company and Merger Sub; and all debts, liabilities, and contracts of the Company and Merger Sub, respectively, matured or unmatured, whether accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of accounts, or records of the Company and Merger Sub, shall be those of Surviving Company and shall not be released or impaired by the Merger; and all rights of creditors and other obligees and all liens on property shall be preserved unimpaired.

7. The present authorized capital of the Company consists of 1,000,000 authorized shares of common stock ( no par value) ("Company Common Stock"), of which 100,000 shares are issued, outstanding and fully paid. No stock options, warrants or rights to purchase or receive Company Common Stock are outstanding.

8. The present authorized capital stock of Merger Sub consists of 5,000 shares of common stock (no par value) ("Merger Sub Common Stock"), of which 100 shares are issued, outstanding and fully paid. All of the outstanding shares of Merger Sub are held by Lithia. No stock options, warrants or rights to purchase or receive Merger Sub Common Stock are outstanding.

9. The effects of the Merger upon the shares of the Company and Merger Sub are as follows:

9.1 **Merger Sub Shares.** The Merger Sub Common Stock will not be affected or converted as a result of the Merger.

9.2 **Conversion of Company Common Stock.** Upon the Effective Date, the shares of Company Common Stock held by each Shareholder shall be converted into the right to receive a share of the Initial Merger Consideration and a share of the Contingent Merger Consideration determined as provided in the Reorganization Agreement. The Initial Merger Consideration is computed based on the adjusted net worth of the Company as of October 31, 1999. The Contingent Merger Consideration is computed based on the adjusted net pre-tax earnings of the Company in 2000 and 2001. The Initial Merger Consideration and the Contingent Merger Consideration are payable in a combination of cash and Class A Common Stock, without par value, of Lithia. The calculation of the Initial Merger Consideration and the Contingent Merger Consideration, and the proportions of cash and Class A Common Stock in which they are payable, are provided for in the Reorganization Agreement. The Initial Merger Consideration and the Contingent Merger Consideration are collectively referred to as the "Merger Consideration."

9.3 **Surrender of Company Shares.** The shareholders of record of the Company shall, upon the surrender by them to Lithia on or after the Effective Date of all certificates representing

shares of Company Common Stock held by them of record, be entitled to receive in exchange therefor the Initial Merger Consideration to which they are entitled. The cash portion of the Initial Merger Consideration shall be payable and the Class A Common Stock is issueable in accordance with provisions set forth in the Reorganization Agreement.

Until so surrendered, each outstanding certificate which, prior to the Effective Date, represented shares of Company Common Stock shall be deemed for all corporate purposes to evidence the entitlement to the Initial Merger Consideration.

9.4 **Timing of Payment of Contingent Merger Consideration.** The Contingent Merger Consideration shall be paid and issued within five (5) business days after the amount thereof has been determined. The cash portion of the Contingent Merger Consideration shall be paid by wire transfer in accordance with instructions provided by each Shareholder to Lithia or, if no such instructions are provided, by cashier's check mailed to the last known address of such Shareholder on Lithia's records.

The Contingent Merger Consideration shall be paid and issued to the Shareholders as of the Effective Date in the proportion specified in the Reorganization Agreement. The right to receive the Contingent Merger Consideration may not be sold, assigned or transferred except by will or pursuant to the laws of descent and distribution and shall not be represented by a certificate.

IN WITNESS WHEREOF, the parties hereto have caused this Plan of Merger to be executed by their duly authorized officers as of the date first above written.

**THE COMPANY**

ROUNDTREE OF IDAHO, INC.

By: 

Frank Stinson, Chairman

By: 

Greg Krueger, President

**MERGER SUB**

LITHIA POCA-HON, INC.

By: 

Bryan B. DeBoer, Authorized Agent

Lithia hereby joins in the foregoing Plan of Merger and undertakes that it will be bound thereby and that it will do and perform all of the acts and things therein referred to or provided to be done by it.

IN WITNESS WHEREOF, Lithia has caused this undertaking to be made by its duly authorized officer as of the date first above written.

**LITHIA**

**LITHIA MOTORS, INC.**

By:

  
Bryan B. DeBoer, Vice President