

common stock of Ballenger Paving Company, Inc.; all the common stock of Grannis & Sloan, Incorporated, shall be surrendered, cancelled and retired; all of the worth of Grannis & Sloan, Incorporated, being allocable to the preferred stock of Grannis & Sloan, Incorporated, no shares of Ballenger Paving Company, Inc. stock shall be issued in exchange for said common stock of Grannis & Sloan, Incorporated.

(5) Each corporation undertakes and agrees that since and following the date hereof, it will not sell, transfer or dispose of any of its assets and equipment to any other person, firm or corporation other than in the ordinary course of business, nor will it incur any obligation or enter into any contract other than in the ordinary course of business.

(6) Each corporation agrees that its financial condition is substantially that as appears on its books and records as of the date hereof.

(7) All and singular the rights, privileges, powers and lands, tenements, hereditaments, real and personal property, claims, accounts, choses in action and property of every kind, nature and description whatsoever belonging to Grannis & Sloan, Incorporated, shall be vested in and become the property of Ballenger Paving Company, Inc., to have and to hold the same unto Ballenger Paving Company, Inc., its successors and assigns forever, no further act, deed or conveyance being required.

(8) All the debts, contracts and liabilities of every nature and kind whatsoever of Grannis & Sloan, Incorporated, are assumed by Ballenger Paving Company, Inc.

(9) The By-Laws of Ballenger Paving Company, Inc., except as they may be necessarily modified by this agreement, are hereby adopted as the By-Laws of Ballenger Paving Company, Inc., following the merger.

(10) Following the effective date of this merger agreement, the following shall be and become the directors of the company to hold office for the balance of the term or until their successors are elected and qualify:

C. P. Ballenger, Jr.

Myrtle S. Ballenger