

PLAN OF MERGER

This Plan of Merger is made by and between the MIDWEST HARDWARE ASSOCIATION, INC, a Wisconsin Non-Stock Corporation (“MHA”) and THE MINNESOTA-DAKOTAS RETAIL HARDWARE ASSOCIATION, a Minnesota Non-Profit Corporation (“MDRHA”).

RECITALS

1. MHA is a non-stock corporation organized and existing under the laws of the State of Wisconsin with its principal office located at 2801 Dixon Street, Stevens Point, Wisconsin.
2. MDRHA is a non-profit corporation organized and existing under the laws of the State of Minnesota with its principal office located at 23 9th Avenue S., Hopkins, Minnesota.
3. The Board of Directors of MHA and MDRHA deem it desirable and in the best interests of the corporations and their respective members that MDRHA be merged with and into MHA.

In consideration of the mutual covenants, and subject to the terms and conditions set forth below, the parties agree as follows:

1. **Merger.** MDRHA shall merge with and into MHA, which shall be the surviving entity.
2. **Terms and Conditions.** On the effective date of the merger, the separate existence of MDRHA shall cease, and MHA shall succeed to all the rights, privileges, immunities, and franchises, and all of the assets of MDRHA, without the necessity for any separate transfer. MHA shall then be responsible and liable for all liabilities and obligations of MDRHA, and neither the rights of creditors nor any liens on the assets of MDRHA shall be impaired by the merger. The terms and conditions of the merger are as follows:

A. Merger Date

Pending approval by both corporations, the effective date of the merger will be September 1, 2009. or the date of filing of the Articles of Merger with the Secretary of State of Minnesota and the Department of Financial Institutions of the State of Wisconsin, whichever is later.

Effective with the merger, all members in good standing of the MDRHA will automatically transfer and become members in good standing of the MHA.

The dues year for all members (Wisconsin, Illinois, Minnesota, North Dakota, and South Dakota) will renew as normal on January 1, 2010.

B. Office Location

The main office of MHA will be located in Stevens Point, Wisconsin.

William “Mac” Hardin will become an employee of MHA. He will continue to work out of what is now the current MDRHA office building in Hopkins, Minnesota.

C. Governance

The Board of Directors of the merged organization will be comprised of no less than seven and no more than nine association members.

The Board of Directors of the merged organization will have no fewer than two representatives from member stores located in each of the following regions:

Minnesota-Dakotas	Wisconsin	Illinois
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Individual Board members may serve up to three consecutive three-year terms.

Non-voting members of the Board of Directors shall include the individuals holding the following positions of each organization:

- Managing Director
- Immediate Past President
- Current representative to the NRHA Board of Directors

At the time of merger, the existing MHA and MDRHA Boards of Directors may select which, if any, of their current Board members shall sit on the Board of Directors of the surviving entity.

The Board's President and Vice President shall be chosen by the Board of Directors of the surviving entity.

The Articles of Incorporation and Bylaws of MHA shall be amended as necessary prior to the effective date of the merger to incorporate the terms and conditions of the merger. A copy of the proposed Amended Articles of Incorporation and Amended Bylaws of MHA are attached hereto.

D. Current MDRHA and MHA Programs and Services

At the outset of the merger, all member programs and services currently provided by MDRHA and MHA will remain "as is."

Within the initial year of the merger, each overlapping or duplicate program(s) will be analyzed. A determination will be made, on a program-by-program basis, as whether it is best to:

- a) consolidate the programs into one comprehensive program made available to all Association members regardless of geographic location, or;
- b) continue to maintain separate programs in each of the respective membership regions.

Similarly, any programs and services currently offered by only one of the associations will be analyzed and, when deemed appropriate, broadened to be made available to all association members, regardless of geographic location.

E. Increased Legislative Presence in Minnesota

Within one year of the merger, MHA will retain a lobbyist to act as the association's legislative advocate in the State of Minnesota, primarily focusing his or her efforts on the State Capitol in St. Paul.

F. Former MDRHA Executive Director Position

William "Mac" Hardin's duties will be realigned so that approximately 75% of his time may be spent focusing on maintaining and growing the Association's bank-card program. The remaining 25% of Mac's time will be devoted to other association duties.

G. Prohibited Transactions

Neither corporation shall, prior to the effective date of the merger, engage in any activity or transaction other than in the ordinary course of business, except that both corporations may take all actions necessary or appropriate to consummate this merger.

H. Approval by Members

This Plan of Merger shall be submitted for the approval of the members of each corporation in the manner provided by the applicable laws of the State of Wisconsin and the State of Minnesota at meetings to be held on or before July 9, 2009, or at such other time as to which the Board of Directors of each corporation may agree.

Following approval of the Plan of Merger by the members of each corporation, the respective officers and Directors shall promptly prepare and file Articles of Merger with the Secretary of State of Minnesota as required by Minnesota Statutes Section 317A.615 and with the Department of Financial Institutions of the State of

Wisconsin as required by Wisconsin Statutes Section 181.1105 and take such other actions as they deem necessary or appropriate to accomplish this Merger.

I. Abandonment of Merger

This Plan of Merger may be abandoned by action of the Board of Directors of either corporation at any time prior to the effective date if the merger is not approved by the number of members of each corporation required in the governing documents of each corporation.

J. Governing Law

This Agreement shall be subject to and governed by the laws of the State of Wisconsin, and all questions concerning the meaning and intention of the terms of this Agreement and concerning the validity hereof and questions relating to performance hereunder shall be adjudged and resolved in accordance with the laws of that state.

K. Execution of Agreement

This Plan of Merger may be executed in any number of counterparts, and each such counterpart shall constitute an original instrument.

Executed on behalf of MHA by its officer as authorized by its Board of Directors on this ___ day of _____, 2009.

MIDWEST HARDWARE ASSOCIATION,
INC.
BY:

Witness

Its: _____

Executed on behalf of MDRHA by its officer as authorized by its Board of Directors on this ___ day of _____, 2009.

THE MINNESOTA-DAKOTAS RETAIL
HARDWARE ASSOCIATION
BY:

Witness

Its: _____