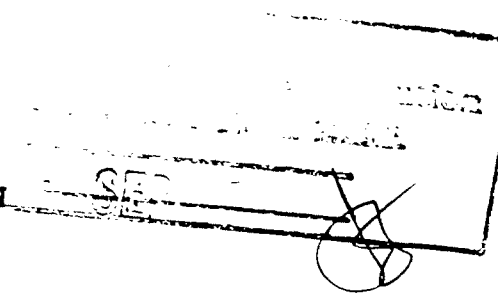


FIRST AMENDED  
ARTICLES OF INCORPORATION  
OF  
BISNES-MAMI, INC.



KNOW ALL MEN BY THESE PRESENTS:

**PREAMBLE**

That we, the undersigned, having this day voluntarily associated ourselves together for the purpose of amending the Articles of Incorporation of BISNES-MAMI, INC. in their entirety, under and in accordance with the laws of the Territory of Guam, and to obtain the benefits conferred by said laws upon Corporations, do hereby mutually agree upon and enter into the following First Amended Articles of Incorporation.

**ARTICLE ONE**

**CORPORATE NAME**

The name of the Corporation shall be: BISNES-MAMI, INC.

**ARTICLE TWO**

**PURPOSES AND POWERS**

The nature of the business of the Corporation and the objects and purposes proposed to be transacted, promoted, or carried on by it, are as follows:

Section 2.01. Purposes. This Corporation is formed for the principal purpose of engaging in the sale of auto parts; and to do whatever may be necessary and convenient to carry on such a business and to accomplish such objects as may be incident thereto.

Section 2.01.01. All Things Necessary. To these ends, this Corporation is formed to do any and all of the things hereinafter set forth as fully and to the same extent that natural persons might and could do in any part of the world, either as principal or agent, either alone or in association with other Corporations, firms or individuals, or by organization of subsidiary Corporations and to do all and everything necessary, suitable, and proper for the accomplishment of any of its purposes or pertaining thereto.

Section 2.02. Additional Purposes. This Corporation shall have as additional purposes:

Section 2.02.01. Buying and Selling Property. To purchase, subscribe for, repossess, foreclose upon or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities, contracts or obligations of any Corporation or Corporations, association or associations, domestic or foreign, and to pay therefore in whole or in part, in cash or by exchanging therefore stock, bonds, or other evidences of indebtedness or securities of this or any other Corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, notes, evidences of indebtedness or other securities, contracts or obligations, to receive, collect and dispose of interest, possess and exercise in respect thereof, all the rights, powers, and privileges of ownership, including all voting powers on any stock so owned. To aid either by loans or by guaranty of securities or in any other manner, any Corporation, domestic or foreign, any shares of stock, or any bonds, debentures, evidences of indebtedness or other securities whereof are held by this Corporation or in which it shall have any interest, and to do any acts designed to protect, preserve, improve, or enhance the value of any property at any time held or controlled by this Corporation or in which it at that time may be interested. To enter into, make, perform and carry out contracts of any kind for any lawful purpose with any persons, firms, associations or Corporations. To purchase, acquire, lease, own, and enjoy any and all such other property, real and personal, as may be reasonably necessary for the carrying on of the business of the Corporation.

Section 2.02.02. Buying and Selling Securities. To purchase, hold, pledge, transfer, sell or otherwise dispose of or deal in, the shares of the capital stock, bonds, debentures, notes or other securities or evidences of indebtedness of any Corporation, to receive, collect and dispose of dividends, interest or other income on any such securities held by it, and do any and all acts and things tending to increase the value of said Corporation; to issue bonds and secure the same by pledge or deed of trust of or upon any part of such securities or other property held or owned by the Corporation and to sell or pledge such bonds for proper corporate purposes and in the promotion of its corporate business; to purchase, receive, hold and dispose of any securities of any person or Corporation, whether such securities shall be bonds, mortgages, debentures, notes, shares of capital stock or otherwise, and in respect to any such

securities, to exercise any and all rights and privileges of ownership thereof.

Section 2.02.03. Promoting. To carry on and undertake any business undertaking, transaction or operation commonly carried on or undertaken by capitalists, promoters, financiers, concessionaires, contractors, brokers, and commission merchants and any other incidental business which may seem to the Corporation convenient to carry on in connection with the above, or calculated directly or indirectly to enhance the value of or render profitable any of the Corporation's property or rights.

Section 2.02.04. Improving Land. To purchase, improve, develop, lease, exchange, sell, dispose of, and otherwise deal real estate, to purchase, lease, build, construct, erect, occupy, and manage buildings of every kind and character whatsoever, to finance the purchase, improvement, development and construction of land and buildings belonging to or to be acquired by this Corporation, or any other person, firm or Corporation.

Section 2.02.05. Doing All Things Necessary or Proper. To do everything necessary, proper, advisable or convenient for the accomplishment of any of the purposes, or the attainment of any of the objects, or the furtherance of any of the powers herein set forth, either alone or in association with others, and incidental or pertaining to, or growing out of, or connected with, its business or powers; provided, the same be not inconsistent with the laws of Guam.

Section 2.03. Powers. In furtherance of the foregoing purposes, the Corporation shall also have the following powers:

Section 2.03.01. Corporate Succession. To have succession by its corporate name.

Section 2.03.02. Suits. To sue and be sued in any court.

Section 2.03.03. Seal. To adopt and use a corporate seal, and alter the same at its pleasure.

Section 2.03.04. Agents. To appoint any such subordinate officers and agents as the business of the Corporation shall require.

Section 2.03.05. By-Laws. To make and adopt and from time to time to amend or repeal By-Laws not inconsistent with any existing law for the management of its operations and properties, the election and removal of its officers, the regulation of its affairs and the transfer of its stock and for all other purposes permitted by law.

Section 2.03.06. Real and Personal Property. To buy, take leases of, foreclose or repossess or otherwise acquire, hold, own, use, improve, develop, cultivate, grant, bargain, sell, convey, lease, exchange, mortgage, transfer or otherwise dispose of, and in every manner deal in and with real or personal property and any and all interest and rights and privileges therein, as the purposes of the Corporation may require.

Section 2.03.07. Other Businesses. To purchase the business, goodwill and all other property of any individual, firm or Corporation, as a going concern, and to assume all its debts, contracts and obligations; provided, said business is incidental to the business of the Corporation and is authorized by the powers herein contained.

Section 2.03.08. Borrow Money. To borrow money or otherwise incur indebtedness (which may be in excess of its capital stock), with or without security and to secure any indebtedness by deed of trust, mortgage, pledge, hypothecation or other lien upon all or any part of the real or personal property of the Corporation and to execute bonds, promissory notes, bills of exchange, debentures, and other obligations or evidences of indebtedness of all kinds, whether secured or unsecured.

Section 2.03.09. Purchase Securities. To purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with shares or other interest in, or obligations of, other domestic or foreign Corporations, associations, partnerships, or individuals, or direct or indirect obligations of the United States or of any government, state, territory, possession, governmental district or municipality or any instrumentality thereof, and while the owner or holder of the same to possess and exercise in respect thereof any and all of the rights, powers and privileges of individual holders or owners, including the right to vote thereon.

Section 2.03.10. Purchase Own Shares. To purchase, take, receive, or otherwise acquire, hold, own, pledge, transfer, or otherwise dispose of its own shares of capital stock; provided, that it shall not purchase its own shares of capital stock when to do so would cause any impairment of its capital; and provided, further, that shares of its own capital stock belonging to it shall not be voted upon, directly or indirectly.

Section 2.03.11. Issue Notes. To draw, make, accept, endorse, assign, discount, execute and issue all such bills of exchange, bills of lading, promissory notes, stock and other warrants, and other instruments to be assignable, negotiable or

transferrable by delivery or to order, or otherwise, as the business of the Corporation shall require.

Section 2.03.12. Promotion of Business. To promote or to aid in any manner financially or otherwise any Corporation or association and for this purpose to enter into plans of reorganization or readjustment and to guarantee the whole or any part of the indebtedness and obligations of any such other Corporation or association and the payment of dividends on its stock, and to do any other act or thing designed to protect, preserve, improve, or enhance the value of such stock or obligations.

Section 2.03.13. Promotion of Charities. To promote, assist, subscribe or contribute to any association, organization, society, company, institution or object, charitable or otherwise calculated to benefit the Corporation or any person in its employ or having dealings with the Corporation, or deemed to be for the common or public welfare, including but not limited the erection, operation and maintenance, or the aiding and assisting of hospitals, surgeries, clinics and laboratories.

Section 2.03.14. Mergers. To become a party to effect a merger or consolidation with another Corporation or other Corporations, and to enter into agreements and relationships not in contravention of law with any person, firm or Corporation.

Section 2.03.15. Surety. To become surety for or guarantee any dividends, bonds, debentures, stocks, contracts, debts, or other obligations or undertakings of any other person, firm, or Corporation, and to convey, transfer or assign by way of pledge or mortgage all or any of the Corporation's property or rights, both present and future, as security for any such surety or guaranty, on such terms and conditions as the Corporation may determine.

Section 2.03.16. Tax Benefits. To apply for and receive tax benefits, rebates, abatements, credits and moratoriums as authorized by the laws of Guam or other jurisdictions in which the Corporation is engaged in business.

Section 2.03.17. Agency. To do all or any of the above things in any part of the world, directly or indirectly, and as principal, agent, factor, contractor, or otherwise, and by or through trustees, agents, or otherwise, and either alone or in conjunction with others.

Section 2.04. Construction of Purposes and Powers. The purposes specified herein shall be construed both as purposes and powers and shall be nowise limited or restricted by reference to,

or inference from, the terms of any other clause in this or any other article, but the purposes and powers specified in each of the clauses herein shall be regarded as independent purposes and powers, and the enumeration of specific purposes and powers shall not be construed to limit or restrict in any manner the meaning of general terms or of the general powers of the Corporation; nor shall the expression of one thing be deemed to exclude another, although it be of like nature not expressed.

### ARTICLE THREE

#### PRINCIPAL OFFICE

The principal office of the Corporation shall be located at 133-B East Harmon Industrial Park Road, Tamuning, Territory of Guam 96911, and there may also be such subordinate branch offices in such place or places within or without Guam as may be deemed necessary or requisite by the Board of Directors to transact the business of the Corporation, such branch or subordinate offices to be held in the charge of such person or persons as may be appointed by the Board of Directors.

### ARTICLE FOUR

#### TERM OF EXISTENCE

The term of existence of this Corporation shall be fifty (50) years, provided however, that the period of its existence may be renewed from time to time, as provided by the laws of the Territory of Guam.

### ARTICLE FIVE

#### INCORPORATORS

The names and residences of the incorporators, are as follows:

<u>Name</u>	<u>Residence</u>
David E. Silva, Jr.	531 Santa Rosa Hyundai Santa Rita, Guam 96915
Doris T. Silva	531 Santa Rosa Hyundai Santa Rita, Guam 96915
R. D. Walls	531 Santa Rosa Hyundai Santa Rita, Guam 96915

**ARTICLE SIX**

**DIRECTORS**

Section 6.01. Board of Directors. The Board of Directors shall consist of such number of persons as shall be determined in accordance with the By-Laws from time to time.

Section 6.02. Qualification and Election. The officers of the Corporation, except the president, need not be Stockholders of the Corporation, but the Directors and the president must be Stockholders. The Directors shall be elected or appointed in the manner provided by the By-Laws.

Section 6.03. Vacancies. Any vacancy among the officers or Board of Directors shall be filled by the Board of Directors for the unexpired term thereto.

Section 6.04. First Directors. The persons who are the first Directors of the Corporation, their residential addresses are as follows:

<u>Name</u>	<u>Residence</u>
David E. Silva, Jr.	531 Santa Rosa Hyundai Santa Rita, Guam 96915
Doris T. Silva	531 Santa Rosa Hyundai Santa Rita, Guam 96915
R. D. Walls	531 Santa Rosa Hyundai Santa Rita, Guam 96915

Section 6.05. Powers of Directors. All the powers and authority of the Corporation shall be vested in and may be exercised by the Board of Directors, except as otherwise provided by law, or in these articles of incorporation, and, in furtherance and not in limitation of said general powers, the Board of Directors shall have the power to: (i) acquire and dispose of property; (ii) appoint a general manager, branch managers, officers or agents of the Corporation as in its judgment this business may require, and to confer upon and to delegate to them, by power of attorney or otherwise, such power and authority as it shall determine; (iii) fix the salaries or compensation of any or all of its officers, agents and employees, and in its discretion, require security of any of them for the faithful performance of any of their duties; (iv) declare dividends in accordance with law when it shall deem it prudent; (v) make rules and regulations not inconsistent with law or these articles of incorporation or the By-Laws for the transaction of

business; (vi) instruct the officers or agents of the Corporation with respect to, and to authorize, the voting of stock; (vii) incur such indebtedness as may be deemed necessary, which indebtedness may exceed the amount of the Corporation's capital stock; (viii) create such committees (including, but not limited to, an executive committee or committees) and designate and confer upon such committees such powers and authority as may by resolution be set forth for the purpose of carrying on or exercising any of the powers of the Corporation; (ix) create and set aside reserve funds for any purpose; (x) invest any funds of the Corporation in such securities or other property as it may deem proper; (xi) remove or suspend any officer; and (xii) generally, do any and every lawful act necessary or proper to carry out and into effect the powers, purposes and objects of this Corporation.

Section 6.06. Conflicts of Interest. A Director of the Corporation shall not, in the absence of fraud, be disqualified by his office from dealing or contracting with the Corporation either as a vendor, purchaser or otherwise, nor, in the absence of fraud, shall any transaction or contract of the Corporation be void or voidable or affected by reason of the fact that any Director, or any firm of which any Director is a member, or any Corporation of which any Director is an officer, Director or Stockholder, is in any way interested in such transaction or contract; provided, that at the meeting of the Board of Directors or a committee thereof, having authority in the premises, authorizing or confirming said contract or transaction, the existence of an interest of such Director, firm or Corporation is disclosed or is known and there shall be present a quorum of the Board of Directors or of the Directors constituting such committee, and such contract or transaction shall be approved by a majority of such quorum, which majority may include the Director so interested or connected. A general notice indicated in the minutes of a meeting of the board or of any committee thereof that a Director is a Director, member, officer or Stockholder of any firm or Corporation, and is to be regarded as interested in any subsequent transaction with such firm or Corporation, shall be sufficient disclosure under the foregoing provision, and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such firm or Corporation. Nor shall any Director, nor any firm of which any Director is an officer, Director, or Stockholder, be liable to account to the Corporation for any profit realized from or through any transaction or contract of the Corporation authorized, confirmed or approved as aforesaid by reason of the fact that such Director or any firm of which he is a member or any Corporation of which he is a Stockholder, Director or officer, was interested in such transaction or contract. Directors so interested may be counted



when present at meetings of the Board of Directors or of such committees for the purpose of determining the existence of a quorum. Any contract, transaction or act of the Corporation or of the Board of Directors or of any committee thereof (whether or not authorized, confirmed or approved as hereinbefore provided) which shall be ratified by a majority in interest of the capital stock entitled to vote, at any annual meeting, or any special meeting called for such purpose, shall be as valid and as binding as though ratified by every Stockholder of the Corporation. Any Director of the Corporation may be counted in determining the existence of a quorum at a meeting to consider any contract or transaction between the Corporation and any subsidiary, parent or other affiliated Corporation of which he is also a Director or officer and may vote upon any such contract or transaction, which shall not be invalid or otherwise affected by reason of his presence or his vote.

## ARTICLE SEVEN

### CAPITAL STOCK

Section 7.01. Capital. The capital of the Corporation shall be Sixty Thousand Dollars (\$60,000.00) (United States currency) divided into Sixty Thousand (60,000) shares of common stock with a par value of One Dollar (\$1.00) per share, all with equal rights, powers and privileges.

Section 7.02. Assessments. No assessments or calls shall be made upon fully paid shares of any class.

Section 7.03. Consideration for Shares. The Board of Directors is authorized to determine the consideration and the terms and conditions on which shares may be issued, and what portion, if any, is to be paid-in surplus, subject to the applicable provisions of these articles and the provisions of law.

Section 7.04. Additional Classes. The Corporation shall have the power from time to time to create an additional class or additional classes of stock, with such preference, voting powers, restrictions and qualifications thereon as shall be fixed in the resolution authorizing the issuance thereof in accordance with law. The Board of Directors is authorized to determine the terms and conditions upon which, and the persons to whom, authorized unissued shares may be sold.

Section 7.05. Pre-emptive Rights of Stockholders. When the capital stock of the Corporation is increased, the additional shares shall be offered to the existing Stockholders proportionately to their holdings at not less than par.

**ARTICLE EIGHT**

**STOCKHOLDERS**

A total of sixty thousand (60,000) shares of stock have been subscribed. The names and residences of the persons subscribing, the amount subscribed by each, and the sum paid by each on his/her subscription are as follows:

<u>Name and Residence</u>	<u>Shares Subscribed</u>	<u>Amount Subscribed</u>	<u>Sum Paid</u>
David E. Silva, Jr.	11,998	\$11,998	\$2,998
Doris T. Silva	1	\$1	\$1
R. D. Walls	1	\$1	\$1

**ARTICLE NINE**

**STOCK RESTRICTION AND REDEMPTION PROVISIONS**

Section 9.01. In General. Except as may be otherwise provided in an agreement by and among the Corporation and all of the Stockholders, the following General Restrictions and S Corporation Election Restrictions set forth in Sections 9.02 and 9.03 shall be imposed on the transfer of all shares of stock issued by the Corporation, including those the issue of which was authorized at the organizational meeting and all shares, if any, issued thereafter. Any persons or entities owning shares at the time of the adoption of these provisions and those to whom shares shall hereafter be issued, as well as successive owners of any shares of stock, shall automatically become and be bound by these provisions. These restrictions shall be enforceable at law or equity and remedies shall include, but are not limited to, specific performance and injunctive relief.

Section 9.02. General Restrictions Regarding Sale or Transfer of Stock. Notwithstanding any other special restrictions contained herein, the following restrictions shall apply at all times.

Section 9.02.01. Restriction on Transfer. Except as provided hereinafter, no Stockholder shall be permitted to transfer any stock of the Corporation. Unless otherwise specified, "transfer" shall encompass any and all forms of transfer whether voluntary or involuntary, gratuitous or for consideration, or whether required by operation of law or pursuant to the terms of a trust instrument or any other

agreement, whether during the term of any trust that is a Stockholder or after the end of such term, and whether during the lifetime of an individual Stockholder or upon his or her death. Notwithstanding the foregoing, the transfer of stock from a deceased Stockholder to the estate of such deceased Stockholder upon his or her death shall not be construed as a "transfer" prohibited under this Section 9.02.

Section 9.02.02. Transfers by Sale.

Section 9.02.02.01. Corporate Option. Any Stockholder desiring to sell his stock in the Corporation (the "Selling Stockholder") shall first, in writing, notify the Corporation and the remaining Stockholders, stating that he intends to sell certain stock (identifying the same), and including a copy of a bona fide offer in writing from the proposed purchaser. Such offer must set forth the type of stock, the price offered, the terms of sale, and any other information relative to the proposed sale, including the name and address of the proposed purchaser. An offer shall be deemed to be "bona fide" only if: (i) the closing provided for in such offer is to occur within thirty (30) days after the expiration of the Stockholder option set forth in subparagraph b below, (ii) it is accompanied by a reasonable earnest money deposit, in the form of a certified or bank cashier's check, letter of credit, or similar instrument, and (iii) it is accompanied by a certified financial statement, bank statement, commitment letter or other document evidencing the ability of the offeror to close the purchase. During the thirty (30) day period following its receipt of such notice, the Corporation shall have an option to buy all, but only all, of the offered shares upon the terms and for the price specified in the offer.

Section 9.02.02.02. Stockholder Option. If the Corporation does not elect to purchase, the Stockholders other than the Selling Stockholder (the "Non-Selling Stockholders") shall have a similar option to buy all, but only all, of the offered shares during the thirty (30) day period following expiration of the corporate option. If more than one Non-Selling Stockholder elects to purchase the offered shares, each electing Non-Selling Stockholder shall purchase a ratable portion of the offered shares determined by the ratio of his stockholdings to the stockholdings of all Stockholders electing to purchase. Such purchase shall be upon the same terms and for the same price as specified in the offer.

Section 9.02.02.03. Exhaustion of Restrictions. Upon failure of the Corporation and the Non-Selling Stockholders to exercise the foregoing options, the Selling Stockholder shall be entitled to sell the offered stock on the terms and conditions

specified in the notice and bona fide offer; provided, however, that such sale must be completed within thirty (30) days after the expiration of the Stockholder option or the shares shall again be subject to these restrictions. Following such sale, the ownership of said stock shall be transferred on the books of the Corporation upon surrender of the stock certificate properly endorsed and executed.

Section 9.02.03. Transfers to Family Members. The above restrictions shall not apply to a transfer by sale, bequest, inheritance or gift by the Stockholder to a member of his or her immediate family or to a trust for the benefit of the Stockholder and/or one or more members of his or her immediate family. For the purpose of the preceding sentence, the term "immediate family" shall mean the Stockholder's spouse, parents, lineal descendants, siblings, and issue of such siblings.

Section 9.02.04. Waiver of Restrictions. Any of the restrictions set forth in this Section 9.02 may be waived at any time and from time to time by an agreement in writing signed by all the Stockholders of the Corporation and filed by the Secretary of the Corporation with the minutes of the meetings of the Stockholders. Without limiting the generality of the foregoing, such agreement may waive such restrictions with respect to a particular transaction or with respect to a described class of transactions, and such agreement may remain in effect for such period of time (including a period continuing until the dissolution of the Corporation) as may be determined in the sole discretion of the Stockholders.

Section 9.03. S Corporation Election Restrictions. In addition to the restrictions provided in the preceding Sections 9.01. and 9.02., the following provisions shall apply and shall limit the pledge and transfer of shares of capital stock of the Corporation during any time that the Corporation has in effect an election to be treated as an S Corporation as defined in Section 1361 of the Internal Revenue Code of 1986, as amended, and as mirrored into Guam law by 48 USC §1421i (the "Code"). Unless otherwise specified, the term "pledge" shall encompass any and all forms by which a Stockholder grants a security interest in or other lien on shares of stock of the Corporation, including, without limitation, a pledge by formal instrument, bailment or other encumbrance.

Section 9.03.01. Additional Stock Restrictions. Stockholders shall not pledge any share of capital stock of the Corporation and shall not transfer such stock except pursuant to the terms and conditions provided in the preceding Section 9.02. In addition, no such transfer shall be permitted unless the prospective transferee is a qualified S Corporation Stockholder.

For the purpose of this Section 9.03.01, a prospective transferee shall not be considered qualified to be an S Corporation Stockholder if, upon receipt by such transferee, the Corporation would have more Stockholders than permitted an S Corporation under the Code.

Section 9.03.02. Events Constituting Deemed Transfer. For the purpose of the following Section 9.03.03, a "deemed transfer" to the Corporation occurs when any event or change in status of the Stockholder or related party occurs which disqualifies the Stockholder as the owner of the stock of an S Corporation, including but not limited to the following events:

- a. An individual becomes a non-resident alien of Guam.
- b. A beneficiary of a trust which otherwise qualifies becomes a non-resident alien.
- c. A beneficiary of a trust which otherwise qualifies transfers his or her interest in such trust in a manner which would cause the termination of the Corporation's S election.

Section 9.03.03. Effect of Deemed Transfer. Effective upon the occurrence of any event constituting a deemed transfer pursuant to the preceding Section 9.03.02 of this Section 9.03, the Stockholder with respect to whom the deemed transfer occurs shall be deemed to have transferred to the Corporation all of his or her stock in the Corporation (the "Repurchased Stock") and shall be paid for such stock as follows:

Within sixty (60) days after the Corporation is notified or otherwise becomes aware of such deemed transfer, the Directors shall prepare, certify and deliver to the Stockholder a statement indicating the book value of the Repurchased Stock as of the end of the fiscal year preceding the date of the deemed transfer. The purchase price for the Repurchased Stock shall be an amount equal to eighty percent (80%) of its book value as set forth in such statement. Within thirty (30) days after delivery of such certified statement, the Corporation shall pay twenty percent (20%) of said purchase price in cash and shall deliver its promissory note for the balance.

The note shall be payable in five equal annual installments on a direct reduction basis. Interest on the unpaid principal balance shall accrue from the date of the issuance of the note at the applicable Federal Rate as determined pursuant to the Code. No interest shall accrue

prior to the issuance of such note. The Corporation shall have the right to prepay principal payments without penalty.

Section 9.03.04. Acceptance of S Corporation Status. The receipt and ownership of a certificate evidencing capital stock in the Corporation shall constitute consent and acceptance of an S Corporation election then in effect for the Corporation under the Code. Each Stockholder's right to remain a Stockholder is conditioned upon the Stockholder's execution of any and all applicable documents required to effect and keep in force an S Corporation election, unless a majority of the Stockholders, at a duly convened Stockholders meeting, vote to terminate the Corporation's S election. Failure to comply with the preceding sentence shall result in a deemed transfer to the Corporation pursuant to the preceding Sections 9.03.02 and 9.03.03.

Section 9.03.05. Effect of Pledge or Transfer. Except as elsewhere provided herein, any pledge or transfer made in violation of this Section 9.03 shall be void ab initio.

Section 9.03.06. Dividend Policy. During any period of time that this Corporation has an S Corporation election in effect and unless prohibited by law, the Corporation shall declare and pay dividends with respect to each of its fiscal years in an amount at least equal to the amount of Guam income tax liability for each Stockholder's pro rata share of the Corporation's taxable income (including items separately stated and passed through to the Stockholders) for such fiscal year, including tax credits. Such tax shall be calculated assuming each Stockholder will be taxable at the highest marginal individual tax rate in effect under the Code. Such dividends shall be paid prior to the due date of the Stockholders' Guam income tax return which would properly report items of income in respect of such corporate fiscal year.

Section 9.03.07. Waiver of Restrictions. Any of the restrictions set forth in this Section 9.03 may be waived at any time and from time to time by an agreement in writing signed by all the Stockholders of the Corporation and filed by the Secretary of the Corporation with the minutes of the meetings of the Stockholders. Without limiting the generality of the foregoing, such agreement may waive such restrictions with respect to a particular transaction or with respect to a described class of transactions, and such agreement may remain in effect for such period of time (including a period continuing until the dissolution of the Corporation) as may be determined in the sole discretion of the Stockholders.

Section 9.04. Restrictive Statements on Certificates. All share certificates shall bear a legend regarding any relative

rights of such shares and noting that the transfer thereof is restricted by these Articles and may also be restricted by the By-Laws and/or one or more agreements by and among the Stockholders and the Corporation, and shall contain a statement that the Corporation will furnish the full text of such restrictions to a Stockholder upon written request. The restrictive legend shall appear conspicuously on the face of each share certificate. Any transferee or holder of the shares of the Corporation will hold the shares subject to the provisions of this Article Nine.

#### ARTICLE TEN

##### **LIMITATION OF LIABILITY**

No incorporator, Stockholder, Director or officer shall be liable for the debts of the Corporation beyond the amount which may be due or unpaid upon any share or shares of stock of the Corporation owned or subscribed by such incorporator, Stockholder, Director or officer.

#### ARTICLE ELEVEN

##### **SERVICE OF PROCESS**

Service of legal process may be made upon the Corporation in the manner provided by law.

#### ARTICLE TWELVE

##### **RESTRAINT ON ALIENATION OF SHARES**

The Corporation's Board of Directors are specifically authorized from time to time to execute agreements or adopt Bylaws not inconsistent herewith restraining the alienation of shares of stock of this Corporation and providing for the purchase or redemption by the Corporation of its shares of stock.

#### ARTICLE THIRTEEN

##### **AMENDMENT**

Any provisions contained in these Articles may be amended, altered, changed or repealed in the manner, now or hereafter, prescribed by statute and any and all rights conferred on Stockholders herein are granted subject to this reservation.

**ARTICLE FOURTEEN**

**OTHER SPECIFIC PROVISIONS**

Section 14.01. Adoption of By-Laws. The By-Laws of the Corporation shall be adopted by an affirmative vote of a majority of the Stockholders of the Corporation. Subject always to such By-Laws as may be adopted from time to time by the Stockholders, the Board of Directors is expressly authorized to adopt, alter and amend the By-Laws of the Corporation but any By-Law adopted, altered or amended by the Directors may be altered, amended or repealed whenever a majority of the Stockholders shall so vote at a regular or special meeting of the Stockholders.

Section 14.02. Officers. The Corporation shall have such officers as may from time to time be provided in the By-Laws and such officers shall be elected in such manner and shall hold their offices for such term and shall have such powers and duties as may be prescribed by the By-Laws or as may be determined from time to time by the Board of Directors subject to the By-Laws.

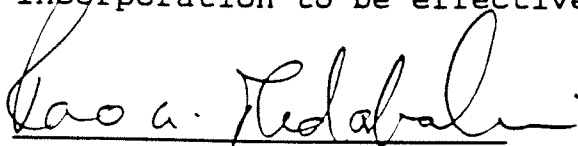
**ARTICLE FIFTEEN**


**DEFINITIONS**


The word "person" or any pronoun used in place thereof, where the context so requires or admits, shall include and mean individuals, firms, Corporations, partnerships and associations. The singular shall include and mean the plural, or vice versa. Masculine, feminine and neuter genders shall include or interchange each of the other genders as the context shall imply.

**EXECUTION**

IN WITNESS WHEREOF, we the undersigned, being all of the Directors, have executed the First Amended Articles of Incorporation to be effective this 1st day of June, 1993.

  
\_\_\_\_\_  
RAO K. MEDABALMI,  
Director

  
\_\_\_\_\_  
DON SADHWANI, Director

  
\_\_\_\_\_  
DENNIS O'DANIEL, JR.,  
Director



**ACKNOWLEDGEMENT**

TERRITORY OF GUAM )  
 ) ss.  
Agaña, GUAM. )

ON THIS 15th day of September 1993, before me a Notary Public in and for the Territory of Guam, personally appeared Rao K. Medabalmi, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

Christine A. Chargualaf

**ACKNOWLEDGEMENT**

TERRITORY OF GUAM )  
 ) ss.  
Agaña, GUAM. )

CHRISTINE A. CHARGUALAF NOTARY PUBLIC  
In and For the Territory of Guam  
Suite 101, 410 West O'Brien Drive  
Agaña, Guam 96910 (671) 477-0000  
My Commission Expires December 17, 1996

ON THIS 15th day of September 1993, before me a Notary Public in and for the Territory of Guam, personally appeared Don Sadhwani, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

Christine A. Chargualaf

CHRISTINE A. CHARGUALAF NOTARY PUBLIC  
In and For the Territory of Guam  
Suite 101, 410 West O'Brien Drive  
Agaña, Guam 96910 (671) 477-0000  
My Commission Expires December 17, 1996



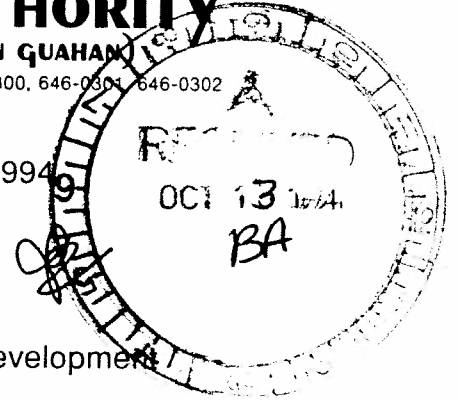


# GUAM AIRPORT AUTHORITY

(ATURIDAT PUEYTON BATHON AIREN GUAHAN)

P.O. Box 8770, Tamuning, Guam 96931 • Telephone: 646-0300, 646-0301, 646-0302  
Fax: (671) 646-8823

October 11, 1994



The Honorable Edward Reyes  
Senator, Chairman, Committee on Housing & Community Development  
Twenty-Second Guam Legislature  
155 Hesler St.  
Agana, Guam 96910

Dear Senator Reyes:

At your Committee's hearing on Thursday, September 29, 1994, members requested additional information in order to have a better understanding of the lease transfer from Mid-Pac Far East, Inc. to Bisnes-Mami, Inc.

Attached, please find:

- A. **Audited Financial Statements for Bisnes-Mami, Inc., dba NAPA Auto Parts**
- B. **Asset Purchase Agreement**
- C. **GAA Industrial Park Ground Lease between GAA and Mid-Pac Far East, Inc.**

Atty. Robert Torres, who represents Bisnes-Mami, Inc., will also submit background information on the principals of Bisnes-Mami directly to you.

If you need any additional information, please contact me at 646-0300.

Sincerely,

  
for JESS Q. TORRES  
Executive Manager

attachments

RCNFY95A-1038



Audited Financial Statements

BISNES MAMI, INC.  
DBA: Napa Auto Parts

December 31, 1993

Accountant's Report . . . . .	1
Balance Sheet . . . . .	2
Statement of Income and Retained Earnings . . . . .	3
Statement of Cash flows . . . . .	4
Notes to Financial Statements . . . . .	5

**Pelagio S. Sardoma**

*Certified Public Accountant*

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To the Board of Directors and Stockholders  
of Bisnes Mami, Inc.

I have audited the accompanying balance sheet of Bisnes Mami, Inc. DBA: Napa Auto Parts (an S Corporation) as of December 31, 1993 and the related statements of income and retained earnings and cash flows for the period June 1 to December 31, 1993. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the statements of income and retained earnings and cash flows from January 1 to May 31, 1993. Those statements were reviewed by another auditor.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe my audit provided a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bisnes Mami, Inc. DBA: Napa Auto Parts, as of December 31, 1993, and the results of operations and its cash flows for the period June 1 to December 31, 1993 in conformity with generally accepted accounting principles.

*Pelagio S. Sardoma*  
Pelagio S. Sardoma, CPA

Agana, Guam  
May 5, 1994

BISNES MAMI, INC.  
 DBA: Napa Auto Parts

BALANCE SHEET  
 December 31, 1993

A S S E T S

<hr/>	
Current assets	
Accounts receivables (Note 2)	\$ 492,445
Inventories	1,771,580
Prepaid expenses	<u>13,736</u>
Total current assets	\$ 2,277,761
Property and equipment, net of accumulated depreciation (Note 3)	323,260
Covenant not to compete (Note 1)	639,138
Deposits	<u>20,095</u>
Total assets . . . . .	\$ 3,260,254 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

<hr/>	
Current liabilities	
Temporary overdraft	\$ 69,456
Current maturities of notes payable (Note 4)	180,279
Current maturities of advances from officers (Note 5)	319,394
Accounts payable and accrued expenses	<u>656,123</u>
Total current liabilities	\$ 1,225,252
Notes payable, net of current maturities (Note 4)	114,390
Advances from officers, net of current maturities (Note 5)	1,698,014
Stockholders' equity	
Capital stock	
Authorized to issue 60,000 shares at \$1.00 par value of which all shares are issued and outstanding	\$ 60,000
Retained earnings	<u>162,598</u>
Total stockholders' equity	<u>222,598</u>
Total liabilities and stockholders' equity . . . . .	\$ 3,260,254 =====

See Accompanying Notes to Financial Statements.

BISNES MAMI, INC.  
DBA: Napa Auto Parts

STATEMENT OF INCOME AND RETAINED EARNINGS

	(Reviewed) <u>1/1 to 5/31</u>	( Audited ) <u>6/1 to 12/31</u>	<u>T o t a l</u>
Sales	\$ 2,826,506	\$ 4,268,038	\$ 7,094,544
Cost of sales	<u>1,826,192</u>	<u>2,457,589</u>	<u>4,283,781</u>
Gross profit	\$ 1,000,314	\$ 1,810,449	\$ 2,810,763
General and administrative expenses			
Salaries and wages	\$ 482,184	\$ 711,983	\$ 1,194,167
Rent	118,426	143,825	262,251
Gross receipts tax	86,008	115,775	201,783
Freight	66,768	111,870	178,638
Depreciation and amortization	63,826	96,855	160,681
Advertising	66,580	32,168	98,748
Payroll tax	37,865	53,522	91,387
Professional fees	16,268	63,849	80,117
Store and office supplies	44,579	26,124	70,703
Insurance	31,791	32,493	64,284
Employee benefits	35,389	21,209	56,598
Outside services	20,634	17,399	38,033
Communications	15,220	22,714	37,934
Utilities	17,005	20,007	37,012
Repairs and maintenance	18,704	10,680	29,384
Equipment rental	24,567	2,133	26,700
Fuel and oil	12,426	12,163	24,589
Bank charges	5,358	18,734	24,092
Travel and entertainment	13,758	6,899	20,657
Bad debts	-	12,898	12,898
Miscellaneous	<u>14,365</u>	<u>4,094</u>	<u>18,459</u>
Total general and admin. expense	<u>1,191,721</u>	<u>1,537,394</u>	<u>2,729,115</u>
Net income from operations	\$ (191,407)	\$ 273,055	\$ 81,648
Other expenses			
Insurance and travel comm.	32,651	-	32,651
Discounts taken	27,416	-	27,416
Interest income	1,833	630	2,463
Interest expense	(14,118)	(111,087)	(125,205)
Gain on sale of fixed assets	<u>4,206</u>	<u>-</u>	<u>4,206</u>
Net income (loss)	\$ (139,419)	\$ 162,598	\$ 23,179
Retained earnings, beginning	1,641,838	1,146,883	1,641,838
Distributions	<u>(355,536)</u>	<u>(1,146,883)</u>	<u>(1,502,419)</u>
Retained earnings, end . . . . .	\$ 1,146,883 =====	\$ 162,598 =====	\$ 162,598 =====

See Accompanying Notes to Financial Statements.

BISNES MAMI, INC.  
DBA: Napa Auto Parts

STATEMENT OF CASH FLOWS

	(Reviewed) <u>1/1 to 5/31</u>	( Audited ) <u>6/1 to 12/31</u>	<u>T o t a l</u>
Cash flows from operating activities			
Net income (loss)	\$ (139,419)	\$ 162,598	\$ 23,179
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation	63,826	70,994	134,820
Amortization		25,862	25,862
Distribution to shareholders	(355,536)	(1,146,883)	(1,502,419)
Increase (Decrease) in			
Accounts receivable	88,303	(111,985)	(23,682)
Merchandise inventory	230,943	(482,728)	(251,785)
Other current assets	(12,441)	12,006	(435)
(Increase) Decrease in			
Current maturities of advances from officers		319,394	319,394
Current maturities of notes payable	(119,058)	180,279	61,221
Accounts payable	42,013	368,484	410,497
Accrued salaries	<u>(13,700)</u>		<u>(13,700)</u>
Net cash provided by operating activities	<u>(215,069)</u>	\$ <u>(601,979)</u>	\$ <u>(817,048)</u>
Cash flows from investing activities			
Covenant not to operate	\$	\$ (665,000)	(665,000)
Purchase of property and equipment	(44,373)	(138,963)	(183,336)
Decrease in deposits	<u>12,649</u>	<u>(5,000)</u>	<u>7,649</u>
Net cash provided by investing activities	<u>(31,724)</u>	<u>(808,963)</u>	<u>(840,687)</u>
Cash flows from financing activities			
Payment of notes payable	\$ (248,657)	\$ 114,390	\$ (134,267)
Proceeds of advances from officers		1,698,014	1,698,014
Additional (Disposal) of paid-in surplus	437,315	(554,530)	(117,215)
Disposal of Treasury stocks		<u>59,821</u>	<u>59,821</u>
Net cash provided by financing activities	<u>188,658</u>	<u>1,317,695</u>	<u>1,506,353</u>
Net increase (decrease) in cash	\$ (58,135)	\$ (93,247)	\$ (151,382)
Cash, beginning	<u>81,926</u>	<u>23,791</u>	<u>81,926</u>
Cash, end of year . . . . .	\$ 23,791 =====	\$ (69,456) =====	\$ (69,456) =====

See Accompanying Notes To Financial Statements.



BISNES MAMI, INC.  
DBA: Napa Auto Parts

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies.

The Company and its business.

The Company is principally engaged in retailing auto parts. The stores are located in Harmon Industrial Park and in Agat. In 1991, the company added a travel agency and a marine supply store to its retail line.

Change in ownership.

On June 1, 1993, the stockholders sold all their shares to the new owners for an amount equal to the total net worth as of May 31, 1993 plus consulting fee and covenant not to compete of \$665,000 (The sale does not include the travel agency and the marine supply store).

In October 1993, the company purchased all the merchandise inventory of Auto Masters in Anigua, subleased a portion of its premises and called the place Napa Auto Parts - Anigua. Moreover, on November 8, 1993, the company purchased all the merchandise inventory of Ocean Truck and Equipment Parts in Harmon. Since then, it has been operating as a separate division occupying a certain portion of the main store in Harmon Industrial Park.

Accounts receivable.

The company uses the reserve method of evaluating accounts receivable trade as of year end. Actual bad debts are written off against the reserve for bad debts.

Merchandise inventory.

Inventories are stated at cost, determined using first-in, first-out method.

Property and equipment.

Property and equipment are carried at cost. Major additions and improvements are capitalized, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets, are expensed and charged to operations as incurred.

BISNES MAMI, INC.  
DBA: Napa Auto Parts

Notes to Financial Statements--Continued.

Note 1. Significant Accounting Policies-continued.

Depreciation.

Depreciation is computed using the ACRS or MACRS method depending on the date the asset is placed in service.

Leasehold improvements are written off over the estimated life ranging from three to five years.

Amortization.

Consulting fee and covenant not to compete is amortized over fifteen years using the straight-line method.

Income taxes.

The Company, with the consent of its stockholders, have elected under the Internal Revenue Code to be an "S" Corporation beginning January 1, 1991. In lieu of corporation income tax, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Guam income tax have been included in these financial statements.

In connection with the change in ownership as mentioned above, the corporation has elected under Section 1377 (a) (2) of the Internal Revenue Code to treat as if taxable year consists of two taxable years, the first is from January 1 through May 31, 1993 and the second, from June 1 through December 31, 1993.

Note 2. Accounts receivable.

Accounts receivable consisted of:

Trade (net of \$9,919	
allowance for bad debts)	\$ 492,245
Officers	200
	<u>\$ 492,445</u>
	=====

BISNES MAMI, INC.  
 DBA: Napa Auto Parts

Notes to Financial Statements--Continued.

Note 3. Property and equipment.

Property and equipment consisted of:

Office furniture and equipment	\$ 185,767
Transportation equipment	176,583
Warehouse and sales equipment	101,445
Leasehold improvements	<u>203,188</u>
	\$ 666,983
Less: Accumulated depreciation	<u>(343,723)</u>
	\$ 323,260
	=====

Note 4. Notes payable.

Notes payable of \$294,670 of which \$180,279 is current consist of:

<u>Balance</u>	<u>Current</u>	<u>Non Current</u>	<u>Rate</u>	<u>Collateral</u>
\$ 196,881	\$ 82,490	\$ 114,391	1.5%*	Inventories
97,789	97,789	-	7.0%**	Inventories
\$ 294,670	\$ 180,279	\$ 114,391		
=====	=====	=====		

\* Above prime rate

\*\* Payable in 10 equal month installments starting November 1, 1993.

Note 5. Advances from officers.

This amount was incurred in connection with the change in ownership as mentioned in Note 1. Monthly payments are paid directly to the bank.

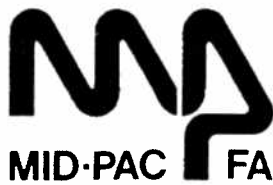
Note 6. Commitments.

As of December 31, 1993, the company has the following leases for the next five years:

	<u>Main Store &amp; Warehouse</u>	<u>Agat</u>	<u>Aniqua</u>
1994	\$ 184,256	\$ 44,574	\$ 60,000
1995	191,231	45,942	60,000
1996	197,406	47,310	60,000
1997	117,994	47,310	60,000
1998	-	50,044	60,000

J. 33

OFFICE: (671) 632-5160  
PARTS: (671) 632-5169  
SHOP: (671) 632-5182  
FAX: (671) 632-5167



**MID-PAC FAR EAST, INC.**

AIRPORT INDUSTRIAL PARK 825 TIYAN PARKWAY BARRIGADA, GUAM 96921

A Wholly Owned Subsidiary of Mid-Pacific Industries, Inc

EQUIPMENT • PARTS • SERVICE • SALES • GENSETS

WB  
JUN 1994  
Guam Airport Authority

June 23, 1994  
JSMP-538

Mr. Jess Q. Torres  
Executive Director  
GUAM AIRPORT AUTHORITY  
P. O. Box 8770  
Tamuning, Guam 96931

Dear Mr. Torres:

As you are aware, I spoke with you not long ago about the personal on going health problems of my wife, Betty, of 37 years and that to provide proper care we are going to have to relocate to Honolulu.

I explained that I had been approached by two individuals, who are financially substantial, that would like to buy Mid-Pac Far East, Inc. During our meeting you kindly provided me with a current copy of the regulation indicating that the approval of a lease assumption is issued by the Guam Airport Authority.

Attached, please find a copy of the 18 page buy/sell agreement that I have entered into with Mr. M.K. Rao and with Mr. Don Sadhwani, owners of Bisnes-Mami Inc. Escrow has been opened with a \$100,000.00 deposit and they have already presented a Hong Kong Bank commitment to cover the full purchase price of our building.

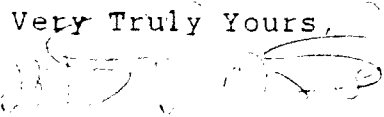
By means of this letter, I hereby request the favorable approval of your agency to allow the buyers to assume our lease as of August 1, 1994 the established closing date.

I attach a letter to you from Mr. M.K. Rao, President of Pacific Drilling, Inc., 50% owner of Bisnes-Mami, Inc. which I hope establishes the fact that they have every intention continuing the business as it is with the only change being the ownership.

If there is any additional information that you need please advise immediately as Betty and I are leaving for Honolulu Saturday night, June 25th, 1994 and I am not scheduled to be back until the end of July, just in time for the closing.

No one knows better than you, how fond Betty and I are of Guam and our friends we have taken great pride in our facility in your Industrial Park and have enjoyed and appreciated all Guam has done for us. One of the things we have no control over is growing old and health related problems. We both thank you sincerely for everything that you, your staff, and your agency have done to assist us over the years.

Very Truly Yours,

  
JAMES S. MOIR, SR.  
President & CEO

JSM:dqs

cc: J. Moir, Jr.  
Bisnes-Mami, Inc.  
J. Quinlan  
File



# PACIFIC DRILLING, INC.

P.O. Box 8453 Tamuning, Guam 96931 • Phone: (671) 646-6371/9728 • Fax: (671) 649-6252

June 23, 1994

Mr. Jess Q. Torres  
Executive Director  
GUAM AIRPORT AUTHORITY  
P. O. Box 8770  
Tamuning, Guam 96931

Dear Mr. Torres:

My partner and I, Mr. Don Sadhwani are the owners of BISNES-MAMI INC. This corporation, owns the NAPA operations on Guam in addition to other businesses.

We approached Jim Moir Sr., President of Mid-Pac Far East Inc. on purchasing his company and have reached an agreement.

Escrow has been opened with \$100,000.00 deposit. We are buying the parts inventory, all the fixed assets, and the building. We have already in hand the financing commitment from the Hong Kong Bank.

It is our intention to run Mid-Pac just as it is now. Same management, same major products, same reputation for customer service etc. We will only replace the CARQUEST automotive items with NAPA items.

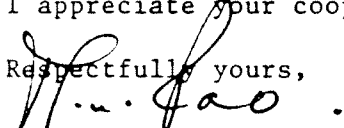
We intend to maintain the premises as the Moirs have done, and continue to be an attractive asset in the Airport Industrial Park.

By means of this letter we hereby request that your Agency approve the transfer of the existing lease to BISNES-MAMI INC. as of August 1, 1994 as that is the date we are scheduled to close the purchase and assume ownership of the business.

If you have any questions or any concerns please contact me immediately so that I can respond without delay.

I appreciate your cooperation on this matter.

Respectfully yours,

  
M. K. Rao  
President

CC: Jim Moir Sr., President  
Mid Pac Far East, Inc.

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT dated June 20, 1994 is by and among MID-PAC FAR EAST INC. ("MPFE"), a Guam corporation whose address is 825 Tiyan Parkway, Barrigada, Guam 96913, MID-PAC MICRONESIA INC. ("MPM"), a Saipan, CNMI corporation whose address is Middle Road, Galao Rai, Saipan, CNMI, and MID-PACIFIC INDUSTRIES, INC. ("MPI"), an Oregon corporation and the sole stockholder of MPM and MPFE, whose address is 1500 Case Place, Woodland, California 95776 (MPFE, MPM and MPI being hereinafter referred to sometimes collectively as "Seller" and as the "Companies"), BISNES-MAMI, INC., (hereinafter referred to as "Buyer"), a Guam corporation whose address is 133-B Harmon Industrial Park, Harmon, Guam 96912, and James S. Moir, Sr., of One Water Front Towers, 425 South Street #1904, Honolulu Hawaii 96813, and James S. Moir, Jr., of 1500 Case Place, Woodland, CA 95776.

### R E C I T A L S

A. MPI, MPFE and MPM each conduct a heavy machinery, truck and related equipment distributing, sales, service and repair business located in California, Guam and the Northern Mariana Islands, respectively (the "Business").

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, all of Seller's right, title and interest in certain assets used in the Business, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, the parties hereto covenant, stipulate, represent, warrant and agree as follows:

### ARTICLE 1

#### Definition of Terms

For the purposes of this Agreement, all exhibits and schedules hereto, and all related agreements, the following terms shall have the meanings set forth below:

1.1 Purchased Assets. The term "Purchased Assets" shall mean all of the Seller's right, title and interest in and to the following assets located at MPFE's facility at the Guam Airport Industrial Park, municipalities of Barrigada and Dededo, Guam (the "Guam Premises") and MPM's facility on Saipan (the "Saipan Premises").

Two handwritten signatures in black ink, one on the left and one on the right, appearing to be initials or names.

(A) Those items of the machinery and equipment of MPFE located at the Guam Premises listed on Schedule 1.1(A)(1) attached hereto the value of which Buyer and Seller agree on at or prior to the Closing, those items of the machinery and equipment of MPFE currently being utilized by Mid-Pac Diesel Repair, Inc., a Guam corporation, listed on Schedule 1.1(A)(2) attached hereto the value of which Buyer and Seller agree on at or prior to the Closing, and those items of the machinery and equipment of MPM located at the Saipan Premises, listed on Schedule 1.1(A)(3) attached hereto the value of which Buyer and Seller agree on at or prior to the Closing, such agreed machinery and equipment being referred to collectively as the "Equipment".

(B) All items of MPFE's inventory located at the Guam Premises, all items of MPM's inventory located at the Saipan Premises, all such items of inventory being referred to collectively as the "Inventory". Reference is made to the fact that MPI has consigned certain items of goods and equipment to MPFE and MPM. Seller agrees that all such items shall be purchased by MPFE or MPM from MPI no later than three (3) working days prior to the Closing Date, and shall thereby become a part of the Inventory.

(C) The tools, dies and jigs pertaining to the Equipment; service marks, trademarks and patents (whether issued or pending) listed on Schedule 1.1(C) the "Intellectual Property"; customer lists, sales and shipment records; know-how and contract rights (expressly including non-competition agreements with employees); all file cabinets; general intangibles; and all books and records related to the Purchased Asset and respecting the Business and the Purchased Assets (the "Miscellaneous Assets"); and

(D) The names "Mid-Pac Far East" and "Mid-Pac Micronesia" and any variants thereof whether or not actually used by Seller (collectively the "Name"), the following telephone and facsimile numbers: (670) 234-0475 and -0476, (671) 632-5160, -5169, -5182, and -5167, and any marks, logos and good will associated with the Name, the Business and the Purchased Assets (the "Goodwill"). Seller may continue to use the Name for the sole purpose of winding down the business of MPFE and MPM respectively for a period of one year from the Closing Date, at the expiration of which Seller will change the names of such entities if they have not been dissolved. Seller covenants and agrees that it will not hold itself out to the public under the Name, and that Seller will execute any name consents or other documents as Buyer may require to provide evidence of Buyer's ownership of the Name to any governmental authority or otherwise.

1.2 Majority Shareholders. The term "Majority Shareholders" shall mean and be the undersigned James S. Moir, Sr. and James S. Moir, Jr., the owners and holders of a majority of the issued and



outstanding voting stock of MPI, the parent company of MPFE and MPM, with full power and authority to vote the same.

## ARTICLE 2

### Purchase, Sale and Delivery of Purchased Assets

2.1 Purchase and Sale. In reliance upon the representations, warranties and agreements of Seller set forth in this Agreement, including any exhibit, schedule, certificate, list or other instrument delivered pursuant to this Agreement or in connection with the transactions specified herein (the "Related Documents") which are expressly incorporated herein, and subject to the terms and conditions set forth in this Agreement, on the Closing Date (as hereinafter defined) Seller shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall acquire from Seller, the Purchased Assets.

2.2 Conditions Precedent to Buyer's Obligations. The Buyer's obligation to purchase the Purchased Assets is subject to the satisfaction of all of the conditions set forth below, provided that any of such conditions may be waived by Buyer prior to the Closing in its sole discretion.

(A) At the Closing, Seller shall execute and deliver to Buyer: (1) a General Bill of Sale and Assignment in respect of the Purchased Assets owned by MPFE in the form attached hereto as Exhibit 2.2(A)(1); (2) a General Bill of Sale and Assignment in respect of the Purchased Assets owned by MPM in the form attached hereto as Exhibit 2.2(A)(2); (3) [DELETED], and (4) properly executed assignments of title to any vehicles and other assets that are among the Purchased Assets for which a separate title exists in the name of any of the Companies, a list of which is attached as Schedule 2.2(A)(4).

(B) At the Closing, Seller shall execute and deliver to Buyer: (1) a consulting agreement between James S. Moir, Jr. in the form of Exhibit 2.2(B)(1) hereto (the "Consulting Agreement"); (2) a noncompetition and nondisclosure agreement by and among Buyer and each of MPFE, MPM, MPI, their respective officers, and the Majority Shareholders in the form of Exhibit 2.2(B)(2) (the Noncompetition Agreement"); and (3) an agreement by and between MPI and Buyer in the form of Exhibit 2.2(B)(3) hereto (the "Working Agreement").

(C) At the Closing, Seller shall deliver to Buyer fully executed: (1) Consent to Assignment and Modification of Sublease for the Saipan Premises in the form of Exhibit 2.2(C)(1) hereto (the "Saipan Sublease"), (2) Sublease of the GAA Industrial Park Ground Lease in the form of Exhibit 2.2(C)(2) hereto (unless there has been a valid assignment of the GAA Industrial Park Ground Lease

referred to in paragraph 2.8 of this Agreement as of the Closing Date), and (3) Contract of Sale Agreement with respect to Seller's right, title and interest and to the building and improvements on the Guam Premises (the "Guam Building") in the form of Exhibit 2.2(C)(3) hereto.

(D) Seller shall execute and deliver to Buyer at the Closing an Option to Lease with respect to the Seller's facility in Woodland, California (the "California Premises"), consisting of a 7,500 square foot warehouse with high dock, and 800 square feet of office space, in the form of Exhibit 2.2(D) hereto (the "California Lease Option"). In the event that such option is exercised, Seller shall purchase such of the fixed assets related to the operation of such warehouse (e.g., pallet scale, container forklift, dock ramp, pallet jack, invoicing computer, pallet racks, etc.) the value of which Buyer and Seller agree on at the time such option is exercised;

(E) Seller shall have delivered to Buyer at or prior to the Closing:

(1) Opinion of Seller's Counsel. An opinion of Baumann & Hull, counsel for the Seller, in the form of Exhibit 2.2(E)(1) hereto and dated as of the Closing Date.

(2) Seller's Certificate. A certificate dated as of the Closing Date and executed by MPM, MPFE, MPI and the Majority Shareholders to the effect that all the representations and warranties of the Seller and the Majority Shareholders contained in this Agreement or in any of the Related Documents are true and correct in all material respects at and as of the Closing Date.

(3) Release. A release from the Seller and the Majority Shareholders in the form of Exhibit 2.2(E)(3) hereto.

(4) Good Standing Certificates. Good standing certificates (or analogous documents), to the extent issued by the applicable jurisdiction, dated no more than thirty (30) business days prior to the Closing Date, from the appropriate authorities in MPFE, MPM and MPI's respective jurisdictions of incorporation and in each jurisdiction in which the Companies are qualified to do business.

(5) Incumbency Certificate. An Incumbency Certificate setting forth and attesting to the individuals who hold the offices of President or Vice-President and Secretary of each of the Companies and the signatures of such officers as of the date and time immediately prior to the consummation of the transactions contemplated hereby.