

560947

ARTICLES OF MERGER
Merger Sheet

MERGING:

PHC-ORLANDO ACQUISITION SUBSIDIARY I, INC., a Georgia corporation not
authorized to transact business in Florida

INTO

LARACH, WILLIAMSON & FERRARA, INC., a Florida corporation, 560947

File date: November 10, 1997

Corporate Specialist: Annette Hogan

**ARTICLES OF MERGER OF
PHC-ORLANDO ACQUISITION SUBSIDIARY I, INC.
WITH AND INTO
LARACH, WILLIAMSON & FERRARA, INC.**

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FILED
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to the provisions of Section 607.1101 of the Florida Statutes, the undersigned corporations hereby adopt the following Articles of Merger:

ARTICLE I - PLAN OF MERGER

The Agreement and Plan of Merger (the "Plan of Merger") of PHC-Orlando Acquisition Subsidiary I, Inc., a Georgia corporation, with and into Larach, Williamson & Ferrara, Inc., a Florida corporation, with Larach, Williamson & Ferrara, Inc. being the surviving corporation (the "Merger"), is set forth below:

Exhibit A - Agreement and Plan of Merger attached

ARTICLE II - ADOPTION OF PLAN OF MERGER

The Plan of Merger was approved by the shareholders and the directors of PHC-Orlando Acquisition Subsidiary I, Inc. dated as of the 5th day of November, 1997.

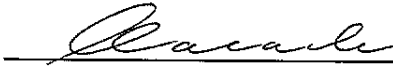
The Plan of Merger was approved by the shareholders and the directors of Larach, Williamson & Ferrara, Inc. dated as of the 8th day of November, 1997.

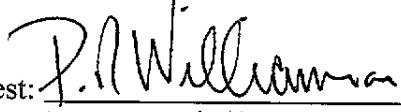
ARTICLE III - EFFECTIVE DATE OF MERGER

The effective date of the Merger shall be as of the date of filing of these Articles of Merger with the Secretary of State of the State of Florida.

DATED this 10th day of November, 1997.

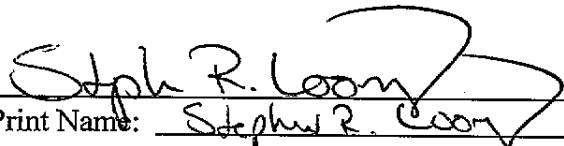
Larach, Williamson & Ferrara, Inc.

By: 
Sergio W. Larach, M.D., President

Attest: 
Paul R. Williamson, Secretary

STATE OF FLORIDA
COUNTY OF ORANGE

The foregoing instrument was acknowledged before me this 10th day of November, 1997 by Sergio W. Larach and Paul R. Williamson as President and Secretary, respectively, of Larach, Williamson & Ferrara, Inc., a Florida professional service corporation, on behalf of the corporation. Said persons did not take an oath and ☒ are personally known to me, produced a driver's license (issued by a state of the United States) within the last five (5) years as identification, or produced other identification, to wit: .


Print Name: Stephen R. Looney
Notary Public, State of Florida
Commission No.:
My Commission Expires:



STEPHEN R. LOONEY
My Commission CC496223
Expires Nov. 09, 1999

PHC-Orlando Acquisition Subsidiary I, Inc.

By: Sarah C. Garvin
Sarah C. Garvin, President

Attest: Daniel E. Epstein
Daniel E. Epstein, Secretary

Florida
~~STATE OF GEORGIA~~
~~COUNTY OF FULTON~~
Orange

I, Connie M. Windham, a notary public residing in the county and state aforesaid, do certify that Sarah C. Garvin and Daniel E. Epstein, President and Secretary respectively of PHC Orlando Subsidiary I, Inc., this day appeared before me personally and did acknowledge that (s)he did sign the foregoing instrument of her/his own free will and accord, for the purposes therein named and expressed.

In witness whereof, I have hereunto set my hand and official seal this 10th day of November, 1997.

Connie M. Windham
Print Name: Connie M. Windham
Notary Public, State of Georgia Florida
Commission No.: CC559008
My Commission Expires: 6-3-2000



Connie M. Windham
COMMISSION # CC559008 EXPIRES
June 3, 2000
BONDED THRU TROY FAIR INSURANCE, INC.

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement") is made and entered into as of this 27th day of October, 1997, by and among Physician Health Corporation, a Delaware corporation ("PHC"), PHC-Orlando Acquisition Subsidiary I, Inc., a Georgia corporation ("Acquisition Subsidiary"), Larach, Williamson & Ferrara, M.D., P.A., a Florida professional service corporation ("Target") and each of the Shareholders of Target listed on Exhibit A attached hereto (each a "Shareholder" and collectively the "Shareholders").

RECITALS:

PHC desires to acquire Target in a reverse triangular merger qualifying as a tax-free reorganization within the meaning of Sections 368(a)(1)(A) and 368 (a)(2)(E) of the Internal Revenue Code of 1986, as amended (the "Code"). As consideration for the acquisition of Target, Shareholders shall acquire stock of PHC in the merger.

AGREEMENTS:

For and in consideration of the premises and the mutual covenants, agreements, representations and warranties contained herein, the parties hereto, intending to be legally bound, covenant and agree as follows:

ARTICLE I

MERGER, EFFECT OF MERGER

On the Effective Date (as defined in Section 1.1 hereof), Acquisition Subsidiary shall merge with and into Target, and Target shall survive the Merger as the surviving corporation (Target shall sometimes be referred to herein as the "Surviving Corporation").

1.1 Effect of Merger.

The Merger shall become effective the date (the "Effective Date") on which the duly executed Articles of Merger are filed with the Secretary of State of Georgia and the Department of State of Florida in accordance with the applicable legal requirements of the State of Georgia and the State of Florida. On the Effective Date, and as a result of the Merger: (a) the separate existence of Acquisition Subsidiary will cease; (b) title to all assets and properties, or any interest therein, owned by Acquisition Subsidiary will be vested in the Surviving Corporation without reversion or impairment; (c) the Surviving Corporation will thenceforth be responsible and liable for all the liabilities and obligations of Acquisition Subsidiary and (d) neither the rights of creditors nor any liens upon the property of Acquisition Subsidiary will be impaired by the Merger.

1.2 Surviving Corporation.

Following the Merger, the existence of the Surviving Corporation shall continue unaffected and unimpaired by the Merger, with all the rights, privileges, immunities and powers, and subject to all the duties and liabilities, of a corporation organized under the laws of the State of Florida.

1.3 Name.

As a result of the Merger, the Surviving Corporation's corporate name shall be unchanged.

1.4 Articles of Incorporation.

The Articles of Incorporation of Surviving Corporation, as in effect on the Effective Date shall remain the Articles of Incorporation of Surviving Corporation thereafter from and after the Effective Date, subject to the right of Surviving Corporation thereafter to amend its Articles of Incorporation in accordance with Florida law.

1.5 Bylaws.

The Bylaws of Surviving Corporation, as in effect on the Effective Date, shall be amended to include the provision set forth in **Exhibit B**, to the extent permitted under Florida law, and such Bylaws, as amended, shall remain the Bylaws of Surviving Corporation from and after the Effective Date, subject to the right of Surviving Corporation thereafter to amend its Bylaws in accordance with its Articles of Incorporation and with Florida law.

1.6 Directors and Officers.

Until the proper election and qualification of their successors, the members of the Board of Directors and the officers of Acquisition Subsidiary in office on the Effective Date shall be the Board of Directors and officers of Surviving Corporation.

1.7 Conversion of Shares.

(a) On the Effective Date, all of the then outstanding shares of capital stock of Target (the "Target Shares") shall be converted into a total of 338,426 shares of the Voting Common Stock of PHC par value \$.0025 per share (the "PHC Shares"), and all outstanding certificates evidencing shares of capital stock of Target shall be canceled.

(b) In addition to the shares to be issued by PHC to the Shareholders pursuant to Section 1.7(a) above, PHC shall issue and deliver to the Shareholders additional shares of its Voting Common Stock (the "Contingent Shares") pursuant to the terms and conditions set forth in Section 1.7(c) below; provided, however, in no event shall the number of Contingent Shares to be

issued to the Shareholders under this Section 1.7(b) exceed the number of PHC Shares initially issued to the Shareholders pursuant to Section 1.7(a) above.

(c) The determination of the amount, if any, of the Contingent Shares that shall be issued to the Shareholders, shall be made pursuant to the terms and conditions set forth in this Section 1.7(c) as follows:

(i) The parties hereby acknowledge and agree that a portion of the PHC Shares to be issued to the Shareholders pursuant to Section 1.7(a) hereof was determined by reference to an amount equal to one hundred percent (100%) of the "Adjusted Accounts Receivable" (as defined below) of Target as of the Closing Date. The "Adjusted Accounts Receivable" of Target shall be determined by taking the actual amount of accounts receivable on Target's books and records as of the Closing Date, less any of Target's accounts receivable that, in the aggregate (1) are more than one (1) year old with no payments having been made to Target during the twelve (12) consecutive months ending on the Closing Date, or (2) were turned over to a collection agency, an attorney or a third party for collection prior to such date, and multiplying such remainder by Target's accounts receivable collection ratio (as determined by dividing Target's total collections by Target's total charges) for the twelve (12) consecutive month period preceding the Closing Date.

(ii) On the one hundred eightieth (180th) day following the Closing Date, the Adjusted Accounts Receivable shall be compared to the actual collections during said one hundred eighty (180) day period of those accounts receivable on the books and records of Target on the Closing Date. In the event that the actual collections during said one hundred eighty (180) day period exceeds the Adjusted Accounts Receivable, PHC shall issue to the Shareholders (on a pro rata basis) that number of Contingent Shares under this Section 1.7(c) (based on a value of Four Dollars (\$4.00) per share) necessary to equal such excess amount. In the event that the Adjusted Accounts Receivable exceeds the actual collections during said one hundred eighty (180) day period of those accounts receivable on the books and records of Target on the Closing Date, the Shareholders, on a pro rata basis, shall return to PHC that number of PHC Shares (based on a value of Four Dollars (\$4.00) per share) necessary to equal such excess amount.

(d) The parties hereby acknowledge and agree that the Contingent Shares shall not be issued by PHC, and shall not be considered outstanding stock, until such time as the certificates for any Contingent Shares hereunder are actually delivered to the Shareholders in accordance with this Section 1.7, that no party shall have any voting rights with respect to the Contingent Shares until actually issued to the Shareholders in accordance with this Section 1.7, and that the Shareholders' rights to receive the Contingent Shares shall be nontransferable and nonassignable.

1.8 Procedure for Exchange.

At the Closing, each Shareholder shall surrender to PHC his or her respective certificates representing the Target Shares owned or held by each said Shareholder, and each said Shareholder shall receive a certificate evidencing the PHC Shares owned by such Shareholder.

1.9 Status of Target Shares After Effective Date.

From and after the Effective Date and until surrendered and exchanged, each outstanding certificate formerly representing Target Shares shall be deemed for all purposes to represent only the right to receive the PHC Shares specified in Section 1.7 hereof. From and after the Effective Date, the stock transfer books of Target shall be closed, and no transfer of shares on the books of Target shall be made or recorded.

1.10 Closing.

The Closing shall occur at such time as all the conditions precedent to Closing as set forth in this Agreement are satisfied, but in no event later than November 15, 1997 (the "Closing Date"), at 10:00 a.m. local time, at the offices of Jackson Walker L.L.P., Dallas, Texas, or at such other place and time as the parties hereto shall mutually agree.

1.11 Risk of Loss.

Risk of loss to the assets of Target, however caused (other than by Acquisition Subsidiary or those duly authorized to act on behalf of Acquisition Subsidiary) shall shift to Surviving Corporation at the beginning (viz., 12:00:01 a.m.) of the day immediately following the Closing Date.

1.12 Tax and Accounting Treatment.

The merger of Acquisition Subsidiary with and into Target is intended to qualify as a tax-free reorganization within the meaning of §§ 368(a)(1)(A) and 368(a)(2)(E) of the Code. Immediately following the Merger contemplated hereunder, Target will hold substantially all of its properties and substantially all of Acquisition Subsidiary's properties (except for any assets of Acquisition Subsidiary distributed to the Shareholders pursuant to the Merger). Notwithstanding any other provision contained in this Agreement to the contrary, the PHC Shares to be issued to the Shareholders pursuant to the Merger shall in no event constitute less than eighty percent (80%) of the total consideration to be exchanged pursuant to the Merger for the Target Shares owned by the Shareholders. Any adjustment required to be made by this Section 1.12 to the amount of PHC Shares and other consideration to be issued in the Merger or otherwise pursuant to this Agreement shall be effected through an amendment to this Agreement, which shall be prepared by counsel to PHC, agreed to by all the parties and, after agreed to by all the parties, executed by the parties hereto prior to Closing.