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TALLAHASSEE, FLORIDA

6/26/98

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FROM: HENDERSON, FRANKLIN, STARNES & HOLT, P.A. ACCT#: 075410002172
CONTACT: KAREN S LABORDE
PHONE: (941)334-4121 FAX #: (941)332-4494
NAME: COLES ACQUISITION SUB, INC.
AUDIT NUMBER.....H98000011958
DOC TYPE.....MERGER OR SHARE EXCHANGE
CERT. OF STATUS..0 PAGES..... 5
CERT. COPIES.....1 DEL.METHOD.. FAX
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File 6-26-98

Merger
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ARTICLES OF MERGER
Merger Sheet

MERGING:

COLE'S HEATING & AIR CONDITIONING, INC., a Florida corporation, F42248

INTO

COLES ACQUISITION SUB, INC., a Tennessee corporation, F98000002382

File date: June 26, 1998

Corporate Specialist: Darlene Connell

FAX AUDIT NO.: H98000011958

**ARTICLES OF MERGER
OF
COLE'S HEATING & AIR CONDITIONING, INC.
(a Florida corporation)**

INTO

**COLES ACQUISITION SUB, INC.
(a Tennessee corporation)**

FILED
98 JUN 26 PM 4:29
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to Sections 607.1105 and 607.1107 of the Florida Business Corporation Act, Cole's Heating & Air Conditioning, Inc., a Florida corporation (the "Company"), and Coles Acquisition Sub, Inc., a Tennessee corporation (the "Sub"), hereby adopt the following Articles of Merger:

1. The Plan of Merger is attached hereto as Exhibit A and incorporated herein by reference.

2. As to the Company, the Plan of Merger was duly adopted by the shareholders of the Company on June 24, 1998.

3. As to Sub, the Plan of Merger was duly adopted by the shareholders of Sub on June 26, 1998. As to Sub, the Plan of Merger and the performance of its terms were duly authorized by all action required by the State of Tennessee.

4. The Plan of Merger shall be effective upon the later of the filing of the Articles of Merger with the Secretary of State of Florida or the filing of Articles of Merger with the Secretary of State of Tennessee as long as such articles are filed on the same day.

IN WITNESS WHEREOF, each of the undersigned corporations has duly caused these Articles of Merger to be executed by their respective duly authorized officers as of this 26 day of June, 1998.

**COLE'S HEATING & AIR
CONDITIONING, INC.**

By: _____
Pamela Evans Cole
President

COLES ACQUISITION SUB, INC.

By: 
Al Taylor
Vice President

Prepared by: Brian R. Browder, Esq.
511 Union Street, Suite 2100
Post Office Box 198966
Nashville, TN 37219-8966
(615) 252-2436

FAX AUDIT NO.: H98000011958

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**ARTICLES OF MERGER
OF
COLE'S HEATING & AIR CONDITIONING, INC.
(a Florida corporation)**

INTO

**COLES ACQUISITION SUB, INC.
(a Tennessee corporation)**

Pursuant to Sections 607.1105 and 607.1107 of the Florida Business Corporation Act, Cole's Heating & Air Conditioning, Inc., a Florida corporation (the "Company"), and Coles Acquisition Sub, Inc., a Tennessee corporation (the "Sub"), hereby adopt the following Articles of Merger:

1. The Plan of Merger is attached hereto as Exhibit A and incorporated herein by reference.

2. As to the Company, the Plan of Merger was duly adopted by the shareholders of the Company on June 24, 1998.

3. As to Sub, the Plan of Merger was duly adopted by the shareholders of Sub on June 26, 1998. As to Sub, the Plan of Merger and the performance of its terms were duly authorized by all action required by the State of Tennessee.

4. The Plan of Merger shall be effective upon the later of the filing of the Articles of Merger with the Secretary of State of Florida or the filing of Articles of Merger with the Secretary of State of Tennessee as long as such articles are filed on the same day.

IN WITNESS WHEREOF, each of the undersigned corporations has duly caused these Articles of Merger to be executed by their respective duly authorized officers as of this 26 day of June, 1998.

**COLE'S HEATING & AIR
CONDITIONING, INC.**

By: 

Pamela Evans Cole
President

COLES ACQUISITION SUB, INC.

By: _____

Al Taylor
Vice President

Prepared by: Brian R. Browder, Esq.
511 Union Street, Suite 2100
Post Office Box 198966
Nashville, TN 37219-8966
(615) 252-2436

FAX AUDIT NO.: H98000011958

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Exhibit A

PLAN OF MERGER

WHEREAS, Cole's Heating & Air Conditioning, Inc. (the "Company") is a corporation duly organized and validly existing under the laws of the State of Florida;

WHEREAS, Coles Acquisition Sub, Inc. ("Sub") is a corporation duly organized and validly existing under the laws of the State of Tennessee;

WHEREAS, the Boards of Directors of the Company and Sub have each determined that it is advisable that the Company merge with and into Sub upon the terms and conditions provided herein (the "Merger"); and

WHEREAS, the Boards of Directors of the Company and Sub have approved an Agreement and Plan of Merger (the "Merger Agreement") dated as of May 28, 1998, among Sub, the Company, Service Experts, Inc., a Delaware corporation and the parent company of Sub ("SEI"), and the shareholders of the Company.

NOW, THEREFORE, Sub and the Company hereby agree to merge into a single corporation as follows:

FIRST: Pursuant to this Plan of Merger, the Company shall be merged with and into Sub and the separate corporate existence of the Company shall thereupon cease (the "Merger"). Sub shall be the surviving corporation (the "Surviving Corporation") and shall retain its corporate identity and succeed to all of the rights, assets, liabilities and obligations of Sub and the Company.

SECOND: The Merger shall become effective on the later of the filing of Articles of Merger with the Secretary of State of Tennessee or the filing of Articles of Merger with the Secretary of State of Florida as long as such articles are filed on the same day, such time being hereinafter referred to as the "Effective Time."

THIRD:

(a) Sub Stock. At the Effective Time, each share of Common Stock, \$.01 par value per share, of Sub issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding and shall continue to represent one share of common stock of the Surviving Corporation.

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(b) Company Securities.

(i) At the Effective Time, all of the shares of Common Stock, \$1.00 par value per share, of the Company (the "Company Common Stock"), issued and outstanding immediately prior to the Effective Time, other than shares to be canceled pursuant to Paragraph 3(b)(iii) hereof and other than Dissenting Shares (as defined in Paragraph 3(b)(iv) hereof) shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into the right to receive shares of Common Stock, \$.01 par value per share, of SEI (the "SEI Common Stock") and cash in accordance with Paragraph 3(c)(i) hereof.

(ii) As a result of the Merger and without any action on the part of the holder thereof, at the Effective Time all shares of Company Common Stock (other than Dissenting Shares) shall cease to be outstanding and shall be canceled and retired and shall cease to exist, and each holder of shares of Company Common Stock shall thereafter cease to have any rights with respect to such shares of Company Common Stock, except the right to receive, without interest, the cash and SEI Common Stock issuable in accordance with Paragraph 3(c)(i) hereof and the cash, if any, payable in accordance with Paragraph 3(b)(iv) hereof upon the surrender of a certificate representing such shares of Company Common Stock.

(iii) Each share of Company Common Stock issued and held in the Company's treasury at the Effective Time shall, by virtue of the Merger, cease to be outstanding and shall be canceled and retired without payment of any consideration therefor.

(iv) Shares of Company Common Stock held by a shareholder who has properly exercised dissenters rights with respect thereto (the "Dissenting Shares") in accordance with Section 607.1320 et seq. of the Florida Business Corporation Act and who has not withdrawn or lost said dissenters rights shall not be converted into shares of SEI Common Stock, but shall, from and after the Effective Time, represent only the right to receive such consideration as may be determined to be due such dissenting shareholder pursuant to the Florida Business Corporation Act. From and after the Effective Time, a shareholder of the Company who has properly exercised such dissenters rights and who has not withdrawn or lost said dissenters rights shall no longer retain any rights of a shareholder of the Company, except those provided by the Florida Business Corporation Act.

(c) Purchase Price; Exchange of Certificates.

(i) As of the Effective Time and except as provided in Paragraph 3(c)(ii) hereof and subject to the adjustments set forth in Section 4 of the Merger Agreement, in exchange for certificates representing all of the issued and outstanding shares of Company Common Stock, the purchase price (the "Purchase

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Price") to be paid to the Shareholders by SEI shall in the aggregate equal One Million Four Hundred Fifty Five Thousand and No/100 Dollars (\$1,455,000.00), consisting of cash or otherwise immediately available funds in an amount equal to fifty percent (50%) of the Purchase Price (the "Cash") and certificates representing that number of shares of SEI Common Stock which is equal to the quotient of the Purchase Price (subject to the adjustments in Section 4 of the Merger Agreement) less Cash divided by the Closing Price (as hereinafter defined). The "Closing Price" shall equal the average closing sales price of a share of SEI Common Stock as reported on the New York Stock Exchange for the five (5) trading days ending on the second trading day immediately preceding the Effective Time. The Cash shall be paid to the Shareholders at Closing (as defined in the Merger Agreement) and the balance of the Purchase Price shall be paid to the Shareholders as soon as practicable following Closing.

(ii) An aggregate of ten percent (10%) of the Purchase Price (consisting of shares of SEI Common Stock valued at the Closing Price) shall be held in escrow pursuant to the terms and conditions of an escrow agreement.

(iii) No fractional shares of SEI Common Stock shall be issued pursuant hereto. In lieu of the issuance of any fractional share of SEI Common Stock, each holder of Company Common Stock shall be entitled to receive a cash payment equal to such fractional proportion of the Closing Price of a share of SEI Common Stock.

FOURTH: The Charter of Sub in effect immediately prior to the Effective Time shall be the Charter of the Surviving Corporation, until duly amended in accordance with applicable law.

FIFTH: The bylaws of Sub in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation, until duly amended in accordance with applicable law.

Dated: June 26, 1998

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