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MERGER OR SHARE EXCHANGE

XHALE, INC.

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**ARTICLES OF MERGER
OF XHALE, INC., a Florida corporation
WITH AND INTO
XHALE, INC., a Delaware corporation**

The undersigned submit these Articles of Merger in accordance with Section 607.1105 of the Florida Business Corporation Act ("FBCA"):

FIRST: The name and jurisdiction of the surviving corporation is Xhale, Inc., a Delaware corporation.

SECOND: The name and jurisdiction of the merging corporation is Xhale, Inc., a Florida corporation.

THIRD: The Agreement and Plan of Merger (the "Plan of Merger") is attached hereto as Exhibit "A".

FOURTH: The merger shall become effective on the date the Articles of Merger are filed with the Florida Department of State.

FIFTH: The Plan of Merger was adopted by the requisite consent of the shareholders of the surviving corporation, Xhale, Inc., a Delaware corporation, on April 16, 2008.

SIXTH: The Plan of Merger was adopted by the requisite consent of the shareholders of the merging corporation, Xhale, Inc., a Florida corporation, on May 23, 2008, in accordance with the FBCA Section 607.0704.

IN WITNESS WHEREOF, each of the parties to the Plan of Merger has executed these Articles of Merger this 23rd day of May, 2008.

Xhale, Inc., a Florida corporation

By: 
Richard R. Allen, CEO and President

Xhale, Inc., a Delaware corporation

By: 
Richard R. Allen, CEO and President

**ARTICLES OF MERGER
OF XHALE, INC., a Florida corporation
WITH AND INTO
XHALE, INC., a Delaware corporation**

Exhibit "A"

Agreement and Plan of Merger

See attached.

AGREEMENT AND PLAN OF MERGER

This is an Agreement and Plan of Merger (the "Plan of Merger"), dated April 16, 2008, between Xhale, Inc., a Florida corporation with business offices located at 101 SE 2nd Place, Suite 201-A, Gainesville, Florida 32601 ("Xhale FL"); and Xhale, Inc., a Delaware corporation, also with business offices located at 101 SE 2nd Place, Suite 201-A, Gainesville, Florida 32601 ("Xhale DE").

BACKGROUND INFORMATION

The respective Boards of Directors of Xhale FL and Xhale DE believe it is in the best interests of Xhale FL and Xhale DE and their respective shareholders and stockholders to consummate the merger of Xhale FL with and into Xhale DE under and pursuant to the provisions of this Plan of Merger, the Delaware General Corporation Law (the "DGCL"), and the Florida Business Corporation Act (the "FBCA"), in a transaction intended to qualify as a tax-free reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended. Accordingly, in consideration of the promises contained herein, Xhale FL and Xhale DE agree as follows:

OPERATIVE PROVISIONS

1. Merger; Surviving Corporation. Subject to obtaining the necessary approval of their respective shareholders and stockholders, Xhale FL will be merged with and into Xhale DE (the "Merger").
2. Effective Time. The Merger contemplated by this Plan of Merger will become effective immediately upon the filing of Articles of Merger with the Department of State of Florida in accordance with the FBCA, and a Certificate of Merger with the Delaware Secretary of State in accordance with the DGCL (the "Effective Time").
3. Terms and Conditions of the Merger. Xhale DE will be the surviving corporation in the Merger (sometimes referred to herein as the "Surviving Corporation"), and will continue to be governed by the laws of the State of Delaware. Upon the Effective Time of the Merger, the corporate existence of Xhale FL shall cease, and, all in the manner of and as more fully set forth in the DGCL and the FBCA, the title to all real estate and other property, or any interest therein, owned by Xhale FL will be vested in Xhale DE without reversion or impairment; Xhale DE will succeed to and possess, without further act or deed, all estates, rights, privileges, powers and franchises, both public and private, and all of the property, real, personal and mixed, of Xhale FL without reversion or impairment; Xhale DE will be responsible and liable for all of the liabilities and obligations of Xhale FL; any claim existing or action or proceeding pending by or against Xhale FL may be continued as if the Merger did not occur or Xhale DE may be substituted for Xhale FL in the proceeding; neither the rights of creditors nor any liens upon the property of Xhale FL will be impaired by the Merger; and Xhale DE shall indemnify and hold harmless the officers and directors of each of the parties to this Plan of Merger against all such debts, liabilities and duties and against all claims and demands arising out of the Merger.

4. Certificate of Incorporation; Bylaws. The Certificate of Incorporation and the Bylaws of the Surviving Corporation shall remain unchanged following the Merger.

5. Board of Directors and Officers. The members of the Board of Directors of Xhale DE immediately following the Effective Time shall be the members of the Board of Directors of the Surviving Company immediately following the Effective Time. The officers of Xhale DE immediately prior to the Effective Time shall be the officers of the Surviving Corporation immediately following the Effective Time, and such persons shall serve in such offices until their respective successors are elected and qualified or their earlier resignation or removal.

6. Shares of Xhale DE. At the Effective Time, the one (1) issued and outstanding share of common stock of Xhale DE will be cancelled automatically, and no shares of common stock or preferred stock of Xhale DE or other securities of Xhale DE will be issued in respect thereof.

7. Shares of Xhale FL. At the Effective Time:

a. Common Stock. Each share of Xhale FL common stock, \$.001 par value per share, issued and outstanding immediately prior to the Effective Time, and all rights in respect thereof, will automatically be converted into and become a right to receive a single share of Xhale DE common stock, \$.001 par value per share.

b. Series A Convertible Preferred Stock. Each share of Xhale FL Series A Convertible Preferred Stock issued and outstanding immediately prior to the Effective Time, and all rights in respect thereof, will automatically be converted into and become a right to receive a single share of Xhale DE Series A Convertible Preferred Stock, \$.001 Par Value Per Share.

c. Series B Convertible Preferred Stock. Each share of Xhale FL Series B Convertible Preferred Stock issued and outstanding immediately prior to the Effective Time, and all rights in respect thereof, will automatically be converted into and become a right to receive a single share of Xhale DE Series B Convertible Preferred Stock, \$.001 Par Value Per Share.

8. Closing of Xhale FL's Transfer Books. At the Effective Time, the stock transfer books of Xhale FL will be closed with respect to shares of common stock and preferred stock of Xhale FL issued and outstanding immediately prior to the Effective Time and no further transfer of such shares shall thereafter be made on such stock transfer books. If, after the Effective Time, valid certificates previously representing such shares are presented to the Surviving Corporation or its designee, such certificates shall be exchanged as provided in Section 9 below.

9. Exchange of Certificates. After the Effective Time, each holder of an outstanding certificate, or certificates representing the shares of the capital stock of Xhale FL shall surrender the same to Xhale DE for cancellation, and each holder will be entitled to receive, in exchange therefore, a certificate or certificates representing the ownership of the capital stock of Xhale DE, in each case in accordance with the terms set forth in Section 7, above.

10. Taking Necessary Action. Xhale DE and Xhale FL will use all reasonable efforts to take all such action as may be necessary or appropriate in order to effectuate the Merger as promptly as possible. If, at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of the Merger or to vest Xhale DE with full right, title and possession to all assets, property, rights, privileges, immunities and franchises of Xhale FL, the officers and directors of Xhale DE are fully authorized in the name of Xhale FL, to take, and shall take, all such action.

11. Dissenters' Rights. Holders of Xhale FL capital stock immediately prior to the Effective Time who would be entitled to vote on the Merger and who dissent from the Merger, may be entitled to be paid the fair value of the share(s) owned by such holders of stock, provided that such holders of Xhale FL capital stock: (a) deliver to Xhale FL before the vote is taken at a shareholder meeting, or within twenty (20) days after receiving notice of appraisal rights, if the Merger is to take place without a shareholder meeting, written notice of each such shareholder's intent to demand payment if the Merger is effectuated; and (b) do not vote, or cause or permit to be voted, any share of Xhale FL capital stock in favor of the Merger.

12. Termination. This Plan of Merger may be terminated and abandoned by action of the respective Boards of Directors of Xhale FL and Xhale DE at any time prior to the Effective Time, whether before or after approval by the shareholders and stockholders of either or both of the parties to this Plan of Merger.

13. Amendment. The Boards of Directors of the parties to this Plan of Merger may amend this Plan of Merger at any time prior to the Effective Time; provided that an amendment made subsequent to the approval of this Plan of Merger by the shareholders or stockholders of either of the parties to this Plan of Merger shall not: (a) change the amount or kind of shares, securities, cash, property or rights to be received in exchange for or on conversion of all or any of the shares of the parties hereto, (b) change any term of the Certificate of Incorporation of Xhale DE, or (c) change any other terms or conditions of this Plan of Merger if such change would have materially adverse effect on the holders of any capital stock of either party to this Plan of Merger.

14. Registered Office. The registered office of Xhale DE in the State of Delaware is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, New Castle County, and the name of the registered agent of Xhale DE at such address is Corporation Service Company.

15. Inspection of Plan of Merger. Executed copies of this Plan of Merger will be on file at the principal place of business of Xhale DE at Xhale, Inc., 101 SE 2nd Place, Suite 201-A, Gainesville, Florida 32601. A copy of this Plan of Merger will be furnished by Xhale DE, on request and without cost, to any shareholder or stockholder of either Xhale FL or Xhale DE.

16. Service of Process. On and after the Effective Time, Xhale DE agrees that it may be served with process in Florida in any proceeding for enforcement of any obligation of Xhale FL or Xhale DE arising from the Merger.

17. Designation of Florida Department of State as Agent for Service of Process. At and after the Effective Time, Xhale DE irrevocably appoints the Department of State of Florida as its agent to accept service of process in any suit or other proceeding to enforce the rights of any shareholders or stockholders of Xhale FL or Xhale DE arising from the Merger. The Florida Department of State is requested to mail a copy of any such process to Xhale DE at 101 SE 2nd Place, Suite 201-A, Gainesville, Florida 32601.

18. Entire Agreement, Amendments. This Plan of Merger constitutes the entire understanding between the parties with respect to the subject matter contained herein and supersedes any prior understandings and agreements among them respecting such subject matter. This Plan of Merger may be amended, supplemented, and terminated only by a written instrument duly executed by all of the parties.

19. Governing Law. This Plan of Merger shall be construed and enforced in accordance with the laws of the State of Florida.

20. Counterparts. This Plan of Merger may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Plan of Merger on the date first written above pursuant to authority granted to them by their respective Board of Directors.

Xhale, Inc., a Delaware corporation

By: 

Richard R. Allen, CEO and President

Xhale, Inc., a Florida corporation

By: 

Richard R. Allen, CEO and President