AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is entered into as of the ___ day of __________, 2013, by and between the Alpaca Owners and Breeders Association, Inc., a Colorado nonprofit corporation ("AOBA") and Alpaca Registry, Inc., a Colorado nonprofit corporation ("ARI").

EXPLANATORY STATEMENT

This Agreement contemplates a transaction in which AOBA will merge with and into ARI (the "Merger") upon the terms and conditions set forth herein and in accordance with the laws of the State of Colorado.

NOW, THEREFORE, in consideration of the promises and of the mutual agreements herein contained and of the mutual benefits hereby provided, it is agreed by and between the parties hereto as follows:

ARTICLE I

TERMS

1.1 At the Effective Date (as hereinafter defined) of the Merger, AOBA shall be merged with and into ARI, with ARI continuing its existence as the surviving corporation (hereinafter called the "Surviving Corporation").

1.2 At the Effective Date, the name of the Surviving Corporation shall be changed to "Alpaca Owners Association, Inc.".

1.3 Upon and after the Effective Date, the Surviving Corporation shall possess all the rights, privileges and powers, and shall be subject to all the restrictions and duties of AOBA; all rights, privileges and powers of AOBA shall be vested in and be the property of the Surviving Corporation; and all debts, liabilities and duties of AOBA shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

ARTICLE II

EFFECTIVE DATE

2.1 Subsequent to the approval and execution of this Agreement, ARI and AOBA (collectively, the "Constituent Entities") shall each submit this Agreement to their respective members for approval pursuant to the applicable provisions of the Colorado Revised Nonprofit Corporation Act and the constituent documents for each of the Constituent Entities.

2.2 Following approval of the Merger in accordance with Section 2.1 above, and provided that: (i) the conditions specified in Section 6.1 hereof shall have been fulfilled or waived; and (ii) this Agreement has not been terminated and abandoned pursuant to Section 6.3 hereof, ARI will cause a Statement of Merger to be prepared and filed with the Colorado Secretary of State as provided in the Colorado Revised Nonprofit Corporation Act, reflecting the terms of this Agreement.

2.3 The Merger shall become effective upon the date the Statement of Merger is filed or upon such later effective date as is specified in the Statement of Merger (the "Effective Date").

ARTICLE III

COVENANTS AND AGREEMENTS

3.1 ARI covenants and agrees that, as the Surviving Corporation, it shall be liable for all the obligations of AOBA outstanding as of the Effective Date and hereby expressly assumes all such obligations as of the Effective Date.

3.2 ARI covenants and agrees that, as the Surviving Corporation, it shall pay all expenses of carrying out the transactions contemplated by this Agreement and of accomplishing the Merger, provided that if the Merger does not occur, each of ARI and AOBA shall bear its own costs and expenses, including attorney fees.

3.3 Each of AOBA and ARI has provided, prior to the date hereof, to the other party:

(a) all financial statements, tax returns and other requested financial information for the three (3) fiscal years prior to this Agreement (and any part of the current fiscal year through the date of this Agreement); and

(b) any other information (i) which has been requested by the other party, (ii) which would, in whole or in part, make any of the above information not misleading, or (iii) which would have a material effect on the transaction contemplated herein.

3.4 Each of AOBA and ARI agrees to provide to the other party any updates, additions, changes or corrections to the above information necessary to make such information substantially complete, accurate and current through the Effective Date.

3.5 Each of AOBA and ARI covenants and agrees that, during the period from the date of this Agreement to the Effective Date (except as otherwise specifically contemplated by the terms of this Agreement), it shall carry on its business in the usual, regular and ordinary course in substantially the same manner as previously conducted and shall not enter into any material contracts or incur material financial obligations without notifying the other party in advance thereof.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

4.1 Each of AOBA and ARI, respectively, represents and warrants that:

(a) it is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Colorado and has the requisite corporate power and authority to carry on its business as now being conducted;

(b) it has the requisite corporate power and authority to enter into this Agreement and, subject to the approval of the Merger by its voting membership, to consummate the transactions contemplated hereby;

(c) it is a nonprofit corporation exempt from federal income tax pursuant to Section 501(c)(5) of the Internal Revenue Code of 1986, as amended;

(d) all of its material contracts and obligations have been disclosed to the other party; and

(e) its Board of Directors has, at a meeting duly called and held, approved this Agreement and the transactions contemplated hereby.
ARTICLE V
ARTICLES OF INCORPORATION; BYLAWS; BOARD OF DIRECTORS; OFFICERS; MEMBERSHIPS

5.1 As of the Effective Date, theArticles of Incorporation of ARI shall be amended pursuant to Articles of Amendment, substantially in the form of Exhibit 1 attached to this Agreement, to be filed with the Colorado Secretary of State.

5.2 As of the Effective Date, the Bylaws of ARI shall be amended substantially in the form of Exhibit 2 attached to this Agreement, and shall thereafter be the Bylaws of the Surviving Corporation, subject to alteration or amendment from time to time by the Board of Directors or the members of the Surviving Corporation in accordance with the terms thereof.

5.3 From and after the Effective Date, the Board of Directors of the Surviving Corporation shall consist of such directors as are appointed or elected in accordance with the following procedures:

(a) The Board of Directors of the Surviving Corporation shall initially consist of ten (10) members, and each Constituent Entity shall have the right to appoint five (5) members to the Board. After the Board of Directors election in the year 2015, the Board of Directors of the Surviving Corporation shall consist of nine (9) members.

(b) Concurrent with the submission of this Agreement for approval by the members of AOBA, the members of AOBA will be requested to vote to elect five (5) members to the Board of Directors of the Surviving Corporation, which five (5) members shall be elected from among those existing directors of AOBA who desire to serve on the Board of Directors of the Surviving Corporation if the merger is consummated.

(c) Those directors elected by AOBA to serve initially on the Surviving Corporation’s Board of Directors shall serve staggered terms. The length of the terms will be based on the percentage of votes cast for a director by the members of AOBA, with the director receiving the highest percentage of votes serving a 3-year term, the two directors receiving the next highest percentages of votes each serving a 2-year term, and the two directors receiving the next highest percentages of votes each serving a 1-year term. Notwithstanding the above, in order to achieve more continuity in the leadership of the Surviving Corporation following the Merger, if the President of AOBA at the time the votes are tabulated is elected to serve on the Surviving Corporation’s Board of Directors, such individual will serve a 3-year term on the Board of the Surviving Corporation, and all other directors will serve terms staggered in accordance with the provisions of this Subsection 5.3(c).

(d) As of the date of this Agreement, only five (5) of ARI’s current Board members desire to serve on the Board of Directors of the Surviving Corporation if the merger is consummated. Therefore, if the merger is consummated, ARI will appoint the following individuals to serve on the Surviving Corporation’s Board of Directors for the terms indicated:

- Bonnie B. Potter: 3-year term
- D. Andrew Merriwether: 3-year term
- Laurel R. Shouvlín: 2-year term
- Wayne C. Jarvis: 1-year term
- Stephen S. Hull, Jr.: 1-year term

(e) For each of the terms listed in Subsections 5.3(c) and 5.3(d), the first “year” of the term will last until the Board of Directors election in the year 2015.

(f) During any period when there is an even number of directors on the Board of the Surviving Corporation, if the Board is deadlocked due to a tie vote on any matter, such matter shall be submitted to an arbitrator for resolution in accordance with procedures specified in the Bylaws of the Surviving Corporation.

5.4 From and after the Effective Date, the officers of the Surviving Corporation shall consist of such officers as are appointed by the Board of Directors of the Surviving Corporation. Selection and the term of such officers shall be in accordance with the Bylaws of the Surviving Corporation.

5.5 From and after the Effective Date, the Surviving Corporation shall have the following three membership classes: Alpaca Owner, Registry Member, and Association Member. The rights and privileges of each membership class shall be as specified on Exhibit 3 attached to this Agreement.

5.6 All memberships held by members of ARI and AOBA immediately prior to the Effective Date shall, by virtue of the Merger and without any action by the holder thereof, be converted into memberships in the Surviving Corporation as follows:

Each ARI Alpaca Owner membership shall be converted into an Alpaca Owner membership.
Each ARI Associate membership shall be converted into a Registry Member membership.
Each ARI Voting Member membership shall be converted into a Registry Member membership with voting privileges included.
Each ABOA Associate membership shall be converted into an Association Member membership.
Each ABOA Farm membership shall be converted into an Association Member membership with voting privileges included.
Each ABOA Lifetime membership shall be converted into a lifetime Association Member membership with voting privileges included.

If an individual is a member of both ARI and AOBA immediately prior to the Effective Date, such individual’s memberships shall be converted into one membership in the class that corresponds to the highest level of membership held immediately prior to the Effective Date.

ARTICLE VI
CONDITIONS, AMENDMENT AND TERMINATION

6.1 The respective obligations of the Constituent Entities to consummate the Merger pursuant to this Agreement are subject to, and conditioned upon:

(a) Each of AOBA and ARI, respectively, represents and warrants that all records, books and other information provided pursuant to Section 3.3 above are complete, accurate and current through the date of this Agreement, or the Effective Date as the case may be, and that neither party has omitted to provide information required under Section 3.3 above.

(b) Each of the Constituent Entities having conducted its due diligence and investigated the business and operations of the other party to its reasonable satisfaction;
(c) the representations and warranties of each of the Constituent Entities contained in this Agreement or in any document delivered under this Agreement being true, correct and complete in all material respects immediately prior to the Effective Date with the same force and effect as if made immediately prior to the Effective Date; and

(d) each Constituent Entity having performed and complied with, in all material respects, all covenants, agreements and obligations required by this Agreement to be performed or complied with by it prior to or on the Effective Date.

6.2 The Constituent Entities, by mutual consent of the Boards of Directors, may amend, modify or supplement this Agreement in such manner as may be agreed upon by them in writing at any time prior to the Effective Date as reasonably necessary to carry out the transaction contemplated by this Agreement, even though this Agreement shall have been approved by the members of either or both of the Constituent Entities.

6.3 This Agreement may be terminated and the Merger abandoned for cause related to the material breach of any representations, warranties or covenants contained in this Agreement, or for other good cause, by a resolution adopted by the Board of Directors of either of the Constituent Entities at any time prior to the Effective Date, even though this Agreement shall have been approved by the members of either or both of the Constituent Entities.

ARTICLE VII
GENERAL PROVISIONS

7.1 Nonsurvival of Representations, Warranties and Covenants. None of the representations, warranties, covenants or agreements in this Agreement shall survive the Effective Date of the Merger, except any covenant or agreement of the parties which by its terms contemplates performance after the Effective Date of the Merger.

7.2 Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. Facsimile signatures shall be considered binding.

7.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Colorado, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

7.4 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement and Plan of Merger to be signed by their respective officers duly authorized as of the date written above.

ALPACA OWNERS AND BREEDERS ASSOCIATION, INC.,
a Colorado nonprofit corporation

By: ______________________________
    Dianna Jordan, President

ALPACA REGISTRY, INC.,
a Colorado nonprofit corporation

By: ______________________________
    Bonnie B. Potter, President