

FILED/EFFECTIVE

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ARTICLES OF MERGER

MERGING

**GARDEN FRESH OF IDAHO, L.L.C.,
an Idaho limited liability company,**

WITH AND INTO

**GFOI HOLDINGS, INC.,
an Idaho corporation**

*In accordance with Section 30-1-1101 of the
Idaho Business Corporation Act and Section 53-661
of the Idaho Limited Liability Company Act*

GFOI HOLDINGS, INC., an Idaho corporation, and GARDEN FRESH OF IDAHO, L.L.C., an Idaho limited liability company, DO HEREBY CERTIFY as follows:

1. The constituent entities (the "Constituent Entities") in the merger (the "Merger") are Garden Fresh of Idaho, L.L.C., an Idaho limited liability company ("Garden Fresh"), and GFOI Holdings, Inc., an Idaho corporation ("Holdings"). Garden Fresh is referred to as the "Disappearing Entity" and Holdings is referred to as the "Surviving Corporation".
2. An Agreement and Plan of Merger (the "Merger Plan") has been duly authorized and approved by the Members of Garden Fresh and the Board of Directors of Holdings in accordance with *Section 53-662* of the Idaho Limited Liability Company Act (the "Idaho Act") and *Section 30-1-1101* of the Idaho Business Corporation Act (the "IBCA"), respectively. The Merger Plan is attached hereto as Exhibit A and is incorporated herein by this reference.

Pursuant to the Merger Plan, the Disappearing Entity is being merged with and into Holdings, with Holdings being the Surviving Corporation in the Merger.

The sole shareholder of Holdings, the Surviving Corporation in the Merger, approved the Merger on February 29, 2000, pursuant to the provisions of Section 30-1-1103(6)(a) of the IBCA.

The Merger Plan was approved and adopted by the Members of the Disappearing Entity on February 29, 2000, as required by *Section 53-662* of the Idaho Act. The vote of the Members of the Disappearing Entity was: One Hundred Percent

IDAHO SECRETARY OF STATE
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(100%) of the membership equity interests in Garden Fresh, were entitled to be cast on the Merger Plan; and 100% of such membership equity interests voted for the adoption of the Merger Plan.

6. Pursuant to the Merger Plan, Article I of the Articles of Incorporation of Holdings, the Surviving Corporation in the Merger, is amended to read as follows:

ARTICLE I

The name of the Corporation shall be
GARDEN FRESH OF IDAHO, INC.

7. The Merger Plan is on file at the principal office of the Surviving Corporation, at 351 E. Lincoln Avenue, Aberdeen, Idaho 83210. A copy of the Merger Plan will be furnished by the Surviving Corporation, on request and without cost, to any person holding an interest in the Disappearing Entity.
8. The Merger shall become effective at 12:01 a.m. on the date on which these Articles of Merger are filed with the Secretary of State of the State of Idaho.

IN WITNESS WHEREOF, GFOI Holdings, Inc. and Garden Fresh of Idaho, L.L.C. have caused these Articles of Merger to be executed by their duly authorized officers and agents this 29th day of February, 2000.

GFOI HOLDINGS, INC.

By: Mark Terry
Print Name: Mark Terry
Title: President

GARDEN FRESH OF IDAHO, L.L.C.

By: Don Breeding
Print Name: Don Breeding
Title: Members' Representative

AGREEMENT AND PLAN OF MERGER

By and Between

GARDEN FRESH OF IDAHO, L.L.C.

and

GFOI HOLDINGS, INC.

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER ("**Agreement**") dated as of February 29, 2000, by and between GARDEN FRESH OF IDAHO, L.L.C., an Idaho limited liability company (the "**LLC**"), and the Representative of the Members of the LLC listed in Schedule 1 hereto (each, a "**Member**," and collectively, the "**Members**") and GFOI HOLDINGS, INC., an Idaho corporation (the "**Corporation**").

WHEREAS, the Members of the LLC and the Board of Directors of the Corporation have approved, and deem it advisable and in the best interests of their respective members and stockholders to consummate the merger of the LLC with and into the Corporation, with the Corporation being the surviving entity (the "**Merger**");

WHEREAS, Section 30-1-1101 of the Idaho Business Corporation Act (the "**IBCA**") and Section 53-661 of the Idaho Limited Liability Company Act (the "**Idaho Act**") permit a limited liability company formed under the laws of Idaho to be merged with and into a corporation formed under the IBCA; and

WHEREAS, the LLC and the Corporation desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe various conditions to the Merger.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

SECTION 1. THE MERGER.

1.1 The Merger. Subject to the terms and conditions of this Agreement, in accordance with the IBCA, at the Effective Time (as defined in *Section 1.2*), (i) the LLC shall merge with and into the Corporation and the separate existence of the LLC shall terminate, (ii) the Corporation shall be the surviving corporation (hereinafter sometimes called the "**Surviving Corporation**") in the Merger, and shall continue its corporate existence under the laws of the State of Idaho, and (iii) the name of the Surviving Corporation shall be "Garden Fresh of Idaho, Inc."

1.2 Effective Time. The Merger shall become effective as set forth in the Articles of Merger. The Corporation shall file the Articles of Merger with the Secretary of State of the State of Idaho in accordance with Section 30-1-1105 of the IBCA, on the Closing Date (as defined in *Section 1.3*). The term "**Effective Time**" shall be the date and time when the Merger becomes effective, as set forth in the Articles of Merger.

1.3 Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to *Section 7* hereof the closing of the Merger will take place at 10:00 a.m., local time, on a date to be specified by the parties (the "*Closing Date*").

1.4 Effects of Merger. At and after the Effective Time, the Merger shall have the effects set forth in the IBCA.

1.5 Articles of Incorporation. At the Effective Time, the Articles of Incorporation of the Corporation shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended in accordance with such Articles of Incorporation, the Bylaws of the Corporation and applicable law, except that Article I of the Articles of Incorporation shall be amended to read as follows:

ARTICLE I

The name of the corporation shall be GARDEN FRESH OF IDAHO, INC.

1.6 Bylaws. At the Effective Time, the Bylaws of the Corporation shall be the Bylaws of the Surviving Corporation until thereafter amended in accordance with such Bylaws and applicable law.

1.7 Officers and Directors. At the Effective Time, the officers and directors of the Corporation immediately prior to the Effective Time shall, from and after the Effective Time, be the officers and directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified.

1.8 Tax Consequences. It is intended that the Merger shall constitute a contribution to capital of the Corporation within the meaning of Section 351 of the Internal Revenue Code of 1986, as amended.

1.9 Further Assurances. Each of the parties hereto will, either prior to or after the Effective Time, execute such further documents, instruments, deeds, bills of sale, assignments and assurances and take such further actions as may be requested by the other party to consummate the Merger, to vest the Surviving Corporation with full title to all assets, properties, privileges, rights, approvals, immunities and franchises of the Corporation and the LLC, or to effect the other purposes of this Agreement.

SECTION 2. CONVERSION AND EXCHANGE OF INTERESTS AND SHARES.

2.1 Conversion of Interests of the LLC. At the Effective Time and by virtue of the Merger, each one percent (1%) membership interest in the LLC issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive 45,000

shares (the "**Exchange Ratio**") of the Company's common stock, \$.001 par value per share (the "**Common Stock**"). Fractional shares shall be rounded to the nearest whole share. As a result of the conversion of the LLC membership interests in accordance with the Exchange Ratio, the Corporation shall issue to each Member of the LLC that number of shares of its Common Stock set forth opposite such Member's name on Schedule 1 to this Agreement.

2.2 Common Stock of the Corporation. At the Effective Time and by virtue of the Merger, each share of Common Stock of the Corporation issued and outstanding immediately prior to the Effective Time shall be automatically cancelled and extinguished.

2.3 Corporation to Make Shares Available. At or prior to the Effective Time, the Corporation shall deposit, or shall cause to be deposited, with its corporate counsel for exchange in accordance with this *Article 2* and the Articles of Merger, the certificates representing the Common Stock, to be issued pursuant to *Section 2.1* and the Articles of Merger, in exchange for the outstanding membership interests of the LLC. Each Member of the LLC will sign and deliver to corporate counsel an assignment and transfer in such form as shall be acceptable to such counsel.

2.4 Options. From and after the Effective Time, the written commitment of the LLC to issue a 10% equity interest (but not less than 500,000 shares) to Idaho Consulting International, Inc., Hawley Troxell Ennis & Hawley LLP, and Paul S. Laggis, upon successful completion of an acceptable financing/business option, with its related repurchase right, as evidenced by that certain Memorandum of Understanding, effective as of November 19, 1999 (the "**MOU**"), shall be assumed and performed by the Corporation in accordance with the terms and conditions of the MOU.

SECTION 3. MEMBERS' REPRESENTATIVE.

3.1 Designation. In order to administer efficiently the execution and implementation of this Agreement by the Members and the consummation of the Merger by the LLC, the Members by unanimous consent resolution have designated, and do hereby designate and irrevocably appoint, Don Breeding as their representative and attorney-in-fact for all purposes under this Agreement (the "**Members' Representative**").

3.2 Authority. The Members have authorized and do hereby authorize the Members' Representative (i) to take all action necessary in connection with the implementation of this Agreement and the Merger on behalf of the Members and the LLC, (ii) to give and receive all notices required to be given under this Agreement and (iii) to take any and all additional action as is contemplated to be taken by or on behalf of the Members and the LLC by the terms of this Agreement. All decisions and actions of and by the Members' Representative in connection with this Agreement shall be binding upon all of the Members, and no individual Member shall have the right to object, dissent, protest or otherwise contest the same, in the absence of fraud, gross negligence or willful misconduct of the Members' Representative.

3.3 Limitation on Authority. Notwithstanding any other provision of this Agreement, the Members' Representative shall have no power or authority whatsoever to incur any liability or obligation, nor make any additional representations or warranties, on behalf of any Member, other than as expressly set forth in this Agreement.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF THE LLC.

The LLC hereby represents and warrants to the Corporation as follows:

4.1 Organization and Standing. The LLC is duly organized, validly existing and in good standing under the laws of the State of Idaho and has full limited liability company power and authority to conduct its business as and to the extent now conducted and to own, use and lease its assets and properties, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have nor reasonably be expected to have a material adverse effect on the business, assets, properties or financial condition of the LLC.

4.2 Authority. The LLC has full limited liability company power and authority to execute and deliver this Agreement and to carry out the terms and conditions of the Merger. The LLC has taken all limited liability company action necessary to authorize the execution, delivery, and performance by it of this Agreement and the Merger. This Agreement constitutes the valid and binding obligation of the LLC, enforceable in accordance with its terms and conditions, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity) (the "*Equitable Exceptions*").

4.3 Effect of Agreement. The execution, delivery and performance by the LLC of this Agreement and the consummation by it of the Merger does not and will not violate, conflict with, result in a breach of or constitute a default under any judgment, award or decree or under any material mortgage, promissory note, indenture, material agreement or other material instrument to which the LLC is a party, or by which the LLC or its properties and assets is bound, or violate the LLC's charter documents, or result in the creation or imposition of any lien or encumbrance of any nature whatsoever upon any of the assets or properties of the LLC.

4.4 Governmental Approvals. To the knowledge of the LLC, no approval, authorization, consent or order or action of or filing with any governmental or legal authority is required to be obtained by the LLC for the execution and delivery by the LLC of this Agreement or the consummation by it of the Merger, except for the filing of Articles of Merger as provided in *Section 1.2* above.

4.5 Capitalization.

(a) The authorized capital of the LLC consists of membership interests representing 100% of the equity in and ownership of the LLC, and is held by the Members as set forth in Schedule 1 attached hereto.

(b) Other than as contemplated by this Agreement, there are no outstanding subscriptions, options, warrants, rights (including "phantom" stock rights), preemptive rights, convertible debt instruments or other contracts, commitments, understandings or arrangements, including any right of conversion or exchange under any outstanding security, instrument or agreement (together, "*the LLC Options*"), obligating the LLC to issue or sell any equity interests in the LLC or to grant, extend or enter into any LLC Option with respect thereto, other than the LLC Option commitment referred to in *Section 2.4* above.

(c) There are no outstanding contractual obligations of the LLC to repurchase, redeem or otherwise acquire any membership interest in the LLC or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any entity or person.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE MEMBERS.

Each Member of the LLC represents and warrants to the Corporation as follows:

5.1 Authorization of Transaction. Such Member has full power and authority to authorize the Members' Representative to execute and deliver this Agreement and to perform its obligations hereunder and this Agreement has been duly executed and delivered by the Members' Representative. This Agreement constitutes the valid and legally binding obligation of such Member, enforceable in accordance with its terms and conditions, except as such enforcement may be limited by the Equitable Exceptions. Such Member need not give any notice to, make any filing with, or obtain and authorization, consent or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement (other than as provided for in *Section 1.2* of this Agreement).

5.2 Noncontravention. Except with respect to the membership interest transfer restrictions imposed by Article 7 of the Restated Operating Agreement of the LLC (the "*Operating Agreement*," which have heretofore been waived by such Member), neither the execution and the delivery of this Agreement by the Members' Representative, nor the consummation of the transactions contemplated hereby by such Member, will (a) violate any statute, regulation, rule, judgment, order, decree, stipulation, injunction, charge or other restriction of any government, governmental agency, or court to which such Member is subject, or (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any contract, lease, sublease, license, sublicense, franchise, permit,

indenture, agreement or mortgage for borrowed money, instrument of indebtedness, security interest, or other agreement to which such Member is a party or by which he is bound or to which any of his assets is subject.

5.3 Investment. Such Member is acquiring the Corporation's shares of Common Stock for his own account and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act of 1933, as amended.

5.4 Ownership. Such Member holds of record and owns beneficially the percentage membership interest in the LLC set forth next to his name on Schedule 1, and such membership interest is free and clear of any restrictions on transfer (other than any restrictions under the federal and state securities laws and under Article 7 of the Operating Agreement), claims, taxes, security interests, options, warrants, rights, contracts, calls, commitments, equities and demands. Such Member is not a party to (or has otherwise waived all rights under) any option, warrant, right, contract, call, put or other agreement or commitment providing for the disposition or acquisition of any equity interest in or other securities of the LLC (other than this Agreement). Such Member is not a party to (or has otherwise terminated) any voting trust, proxy or other agreement or understanding with respect to the voting of any equity interest in the LLC.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION.

The Corporation hereby represents and warrants to the LLC and the Members as follows:

6.1 Organization and Standing. The Corporation is duly organized, validly existing and in good standing under the laws of the State of Idaho and has full corporate power and authority to conduct its business as and to the extent now conducted and to own, use and lease its assets and properties, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have nor reasonably be expected to have a material adverse effect on the business, assets, properties or financial condition of the LLC.

6.2 Authority. The Corporation has full corporate power and authority to execute and deliver this Agreement and to carry out the terms and conditions of the Merger. The Corporation has taken all corporate action necessary to authorize the execution, delivery, and performance by it of this Agreement and the Merger. This Agreement constitutes the valid and binding obligation of the Corporation, enforceable in accordance with its terms and conditions, except as such enforcement may be limited by the Equitable Exceptions.

6.3 Effect of Agreement. The execution, delivery and performance by the Corporation of this Agreement and the consummation by it of the Merger does not and will

not violate, conflict with, result in a breach of or constitute a default under any judgment, award or decree or under any material mortgage, promissory note, indenture, material agreement or other material instrument to which the Corporation is a party, or by which the Corporation or its properties and assets is bound, or violate the Corporation's charter documents, or result in the creation or imposition of any lien or encumbrance of any nature whatsoever upon any of the assets or properties of the Corporation.

6.4 Governmental Approvals. To the knowledge of the Corporation, no approval, authorization, consent or order or action of or filing with any governmental or legal authority is required to be obtained by the LLC for the execution and delivery by the Corporation of this Agreement or the consummation by it of the Merger, except for the filing of Articles of Merger as provided in *Section 1.2* above.

6.5 Capitalization. The authorized capital stock of the Corporation consists of (i) 20,000,000 shares of Common Stock and (ii) 5,000,000 shares of Preferred Stock (the "*Preferred Stock*"). As of the date hereof, 100 shares of Common Stock and 0 shares of Preferred Stock were issued and outstanding. Since such date, there has been no change in the number of issued and outstanding shares of Common Stock or Preferred Stock. All of the issued and outstanding shares of Common Stock are duly authorized, validly issued, fully paid and nonassessable. Except pursuant to this Agreement there are no outstanding subscriptions, options, warrants, rights (including "phantom" stock rights), preemptive rights, convertible debt instruments or other contracts, commitments, understanding or arrangements, including any right of conversion or exchange under any outstanding security, instrument or agreement (collectively, the "*Corporation Options*"), obligating the Corporation to issue or sell any shares of capital stock of the Corporation or to grant, extend or enter into any Corporation Option with respect thereto.

SECTION 7. TERMINATION.

At any time prior to the Effective Time, either the Members of the LLC or the Board of Directors of the Corporation may terminate and abandon this Agreement and the Merger.

SECTION 8. AMENDMENTS.

At any time prior to the Effective Time, the Members of the LLC and the Board of Directors of the Corporation may amend, modify or supplement this Agreement in such manner as they jointly may determine; *provided, however*, that no such amendment, modification or supplement shall alter or change any term of the Articles of Incorporation of the Surviving Corporation.

SECTION 9. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Idaho without giving effect to any choice of law or conflict of law

provision or rule (whether of the State of Idaho or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Idaho.

SECTION 10. GENERAL PROVISIONS.

10.1 Nonsurvival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement, including any rights arising out of any breach of such representations, warranties, covenants and agreements, shall survive the Effective Time, except for those covenants and agreements contained herein and therein that by their terms apply or are to be performed in whole or in part after the Effective Time.

10.2 Entire Agreement; No Third Party Beneficiaries. This Agreement, including the documents and the instruments referred to herein, (a) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (b) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

10.3 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

10.4 Specific Performance. Each of the parties to this Agreement agrees that the other parties to this Agreement will be irreparably damaged if this Agreement is not specifically enforced. Upon a breach or threatened breach of the terms, covenants and/or conditions of this Agreement by any party hereto, the other parties to this Agreement shall, in addition to all other remedies, each be entitled to a temporary or permanent injunction, without showing any actual damage, and/or a decree for specific performance, in accordance with the provisions hereof.

10.5 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party or parties shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

10.6 Time of Essence. Time is of the essence with respect to each and every provision of this Agreement.

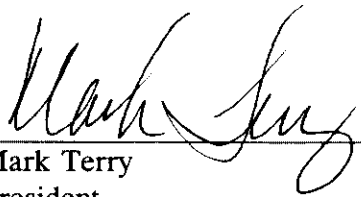
10.7 Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

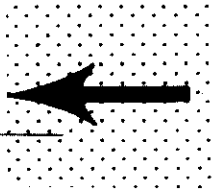
[Signature Page Follows]

IN WITNESS WHEREOF, each party hereto has caused this Agreement and Plan of Merger to be executed by its officers or members thereunto duly authorized as of the date first above written.

GFOI HOLDINGS, INC.

By:

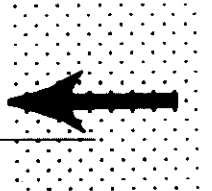

Mark Terry
President



GARDEN FRESH OF IDAHO, L.L.C.

By:


Don Breeding
Members' Representative



HERE

SCHEDULE 1

OWNERSHIP INTERESTS

Name of Member	Total Contribution to LLC	Percentage Interest in LLC	No. of Shares of Common Stock
Mark Terry	\$ 340,000	22.97%	1,033,650
Larry Stevenson	\$ 85,000	5.74%	258,300
Vern R. Duffin	\$ 112,708	7.62%	342,900
Jeffrey T. Duffin	\$ 96,042	6.49%	292,050
Jim Duffin	\$ 96,042	6.49%	292,050
Glen Duffin	\$ 9,375	0.63%	28,350
Richard Schelske	\$ 50,000	3.38%	152,100
Lance Funk	\$ 345,416	23.34%	1,040,300
Ralph Breeding	\$ 18,222	1.23%	55,350
Don Breeding	\$ 159,375	10.77%	484,650
Jody Breeding	\$ 167,820	11.34%	510,300
TOTAL	\$1,480,000	100.00%	4,500,000