

# Natural Harmony Foods, Inc.

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Dear Natural Harmony Foods Shareholder:

First off, I would like to thank you for your support of Natural Harmony Foods. I realize and share your frustration in the delays we have encountered in getting our products to market and in expanding our distribution. However, there have been some very exciting developments as of late which I will share with you. For those of you who have utilized our "Tell Your Grocer to Start Carrying SoLean!" submission form at [www.naturalharmonyfoods.com](http://www.naturalharmonyfoods.com) I thank you. Your submissions have been a great tool in getting the attention of more and more distributors and buyers. It certainly doesn't guarantee that we will achieve the specific distribution that you request, but it has been a great resource. We have forwarded over 200 submissions so far with some buyers even requesting more.

In 2006, sales were limited to our two patty products, SoLean Beef Patties, and SoLean Pork Breakfast Patties. We shipped both patties to Kroger Natural starting in August. In October we announced our new line of sandwiches, SoLean Cheeseburgers and SoLean Breakfast Sausage Muffins. The reception of our new sandwich line has been phenomenal. These products take us one step further in convenience and they provide the retailer a ready reference point. In an ever increasingly fast paced world, retailers know that the demand for "Grab and Go" products from the likes of Jimmy Dean, Hot Pockets and the fast food restaurants is huge and growing rapidly. It took us several months to get all of the right components and suppliers lined up to achieve a tasteful all natural product, and then get new cartons produced. It wasn't until the Natural Products Expo in Anaheim on March 9th, 2007 that we had finished products in finished cartons ready to present. Since then, the retailer and distributor responses have been very exciting and the commitments to carry these products have been coming in.

During the Natural Products Expo Show we sampled both of the new sandwich products. We served over 500 people. EVERYONE loved the products and were very impressed with the nutritional information. Over 70 retailers/distributors requested pricing/setup info during the event. Several Whole Foods Divisions asked to start getting product ASAP. We are in the process of getting set up in UNFI which will open up distribution to about 8,000 Natural Foods Stores. All Whole Foods Buyers will be getting samples in May as the category will be reviewed in early June. We hope to be distributed nationally in Whole Foods by July of 2007. If this national distribution comes to fruition as we expect, many more exposure opportunities will open up for us, as several national publications (SELF, etc.) are ready to give us favorable reviews as soon as we have

adequate distribution.

While the strong interest from Whole Foods is probably the most exciting development it is by no means the only one. Here is a breakdown of our other distribution developments:

**Tree of Life:** After UNFI, the other major natural foods distributor is Tree of Life. We are just now starting to ship Tree of Life. This will make us available to over 7,000 Tree of Life accounts. Two large retailers are set to order through Tree of Life.

**Kroger:** We've been rolling out the patties to Kroger Natural Stores since August. We have shifted our emphasis to our sandwich line and expect to be in nearly 1,000 Kroger stores by July.

**Wakefern:** Wakefern (Shop Rite) is the lead retailer in the New York market. They have approved all four products and we should be shipping there by early May. It is likely that A&P/Pathmark and FoodTown will soon follow Wakefern at reasonable introductory costs.

**Ingles:** Ingles is a 200 store chain in the Carolinas. They will be resetting in July with plans to carry both of our sandwich products.

**Giant-Eagle:** Giant-Eagle has 70% of the Pittsburgh grocery market. The sandwiches are approved and are on track to begin shipping in May.

**King Sooper:** We expect to have our sandwich line in 120 of their 140 stores soon. King has a 60% share of the Denver grocery market with Safeway, Whole Foods and others sharing the rest.

**Fred Meyer:** Fred Meyer has 120 super stores in the Pacific Northwest. They approved the sandwiches and should have them in place by July. This will also make the products available to 80 large QFC stores.

We have follow up presentations planned over the next 3 weeks at Weis, Hannaford, Shaw's, Price Chopper, HEB, Safeway, Meijer, Wegman's and Big Y. We have also been asked to present our products to Disney as part of their healthier foods campaign. That presentation will happen next week.

Thank you for your continued support. 2007 is shaping up to be a very exciting year for Natural Harmony Foods.

Sincerely -

Sam Dewar

CEO

