

**Natural Harmony Foods** Update. June 26, 2008

**Retail Progress: Target.** The three breakfast products were set in 217 Super Target Stores in late May. If you find a Super Target without the products please send an email to [admin@naturalharmonyfoods.com](mailto:admin@naturalharmonyfoods.com). We had a review of progress with the Target buyer on June 19. Re-orders have been steady, but not at the level we would like to see. The buyer believes that price may be an issue, as we are the most expensive item in the area. There are \$1.25-1.30 products near us. In response to the pricing concern, we'll be doing a "TPR" (temporary price reduction) of 2 for \$7.00 the first two weeks of July. The eye-catching Target 'sale' tags on the shelves in conjunction with the timing of the sale over the July 4th holiday should present a great opportunity to draw more attention to our products. We offered to do demos, but Target limits their demos to their private label products. Beyond that, if necessary we'll replace the weakest seller with a new item, probably an Italian Frittata. In any case there will be no major changes before November. We encourage all shareholders to go to Super Targets in your area, buy our products and help spread the word to friends and family.

**Tree of Life.** The Dallas Tree show was very worthwhile. We presented to all of the Tree of Life division managers. In addition to the natural foods stores, Tree of Life services Publix, Winn-Dixie, HEB, Central Markets, Safeway, Whole Foods, Wal\*Mart and many other large volume stores. We'll be presenting a comprehensive plan to the National Frozen Category Manager in late July. We will also have a booth at the Tree of Life regional shows in Indianapolis and New Jersey later this year.

**Healthy Living Show.** This show was disappointing as neither we nor the other exhibitors saw buyers from Wal\*Mart, Costco, Publix, etc. as promised by the show administrators. We're seeking a partial refund.

**Upcoming Shows.** We have decided not to participate in the Kehe Show or the School Nutrition Show. We met with a Dallas School Lunch Administrator who told us she could not use our SoLean breakfast products because they don't have enough calories. She also has an entrée budget of \$.40 per serving. We do plan to exhibit at the American Dietitian Show and Expo East as well as the two regional Tree of Life shows. We will be exhibiting at the SoHo show as well which is a regional natural food show.

Tree of Life Midwest - August 22-24 - Indianapolis  
Natural Products Expo East - October 15-18 - Boston  
Amer. Dietitians Show - October 26-28 - Chicago  
Tree of Life Northeast - November - NJ  
SoHo Show - December - Orlando

We will be doing a direct mailing to 10,000 natural foods retailers from July through December. We have brokers in place in the Southeast, Mid-Atlantic, Northeast, Midwest, Northwest, Mountain States and Northern California. We plan to add brokers in Texas, Southern California and New England in the next

week. These newly added brokers have only had new product samples and sales literature since the beginning of June. With this expanded sales force we expect to achieve a number of retailer gains in the next few months.

**Stock Sales.** Sales revenue was very light from mid '07 thru April of '08 as we switched the product lineup. During this time we had to sell some shares to support ongoing operations. We can't sell to the open market. We must sell to a Texas broker dealer at a discount to the bid. We can sell blocks of restricted stock directly to accredited investors. Accredited investors (Over \$200,000 income or \$1 million net worth) may purchase discounted blocks directly by contacting [admin@naturalharmonyfoods.com](mailto:admin@naturalharmonyfoods.com).

We need to raise another \$200-300,000 to properly execute our growth plans and become a fully reporting company. We believe that becoming a fully reporting company and moving to the OTC:BB market would go a long way towards improving our financial options and reaching a broader investing public. To make such a move would incur extensive accounting and legal costs, which we estimate to be upwards of \$50,000. However this move must come secondary to properly supporting our core business as well as supporting and marketing our products as our distribution grows. Our goal is to issue no more shares beyond the present 240 million authorized. I don't like dilution anymore than anyone else. I've gone from 50% ownership in Natural Harmony Foods, Inc. to about 15% and I purchased a large portion of that.

My goal is to get our market cap to \$20 million or more based on higher visibility and increased revenue and margins.

**New Products.** Certainly the first priority is greater distribution of the three breakfast products. However, we also need to have a strong pipeline of new products so retailers and brokers look at us as an important vendor in the convenience-healthy food space. We're working on a very exciting line of lunch/snack products. There has been a rush to create "100 Calorie Packs".... Fritos, Oreos, Goldfish, have followed this trend to name a few. We can make "200 Calorie Sandwiches" which offer high protein, low fat and saturated fat and, of course, great taste. Visit the 'Products' page at [www.naturalharmonyfoods.com](http://www.naturalharmonyfoods.com) for more details.

**Annual Shareholders Meeting.** We just received an updated NOBO list so we can send a mailing announcing an August Annual Shareholders Meeting. It might interest you to know that the largest holding of free trading shares on the NOBO is 10 million shares. There are thirteen shareholders with two million or more shares.

Thank you for your continued support.

Sam Dewar