

Adventure Foods, LLC

A Business Plan



March 24, 2005

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This is a business plan and does not imply an offering of securities.

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The undersigned ("Recipient") hereby agrees that all financial and other information ("Information") that it has and will receive concerning Adventure Foods, LLC is confidential and will not be disclosed to any individual or entity without prior written consent.

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Recipient acknowledges that no remedy of law may be adequate to compensate Adventure Foods, LLC for a violation of this Agreement and Recipient hereby agrees that in addition to any legal or other rights that may be available in the event of a breach hereunder, Adventure Foods, LLC may seek equitable relief to enforce this Agreement in any Court of competent jurisdiction.

Date

Signature

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Adventure Foods, LLC

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1.0 Executive Summary

Adventure Foods LLC is a joint venture with The Soynut Butter Company (SNB) of Glenview, Illinois. Together they intend to produce and launch a new energy bar, Adventure Bar, which compares favorably in quality, taste, and nutritional value, but unlike every other product on the market, is certified as peanut free. This new start up venture will target the emerging market for peanut free convenience food products and use that platform to enter the larger established food bar market. The following three essential components of this plan are:

1. A strategic alliance with a marketing/distribution company who will rapidly introduce the product into the market under an established brand, which has already attained significant market acceptance.
2. Assure efficiency, quality, and production demands through state of the art manufacturing processes and technology.
3. Leverage success of the Company's nut-free energy bar and manufacturing facility to product other nut-free foods on a contract manufacturing basis.

1.1 Business Opportunity

The Food Bar market is the fastest growing segment of the food and agriculture market. This market is led by a handful of very large companies who dominate over 60% of the market and two hundred smaller players with share as high as 5% but most at less than 1%.

The key to entry is through a specialized niche. Adventure Foods has identified the peanut free segment of the market to be a fast developing market with serious national health implications. Growing concern over peanut allergies, especially among young children, has grown to the degree that schools are banning peanut butter from the lunch room to avoid the risk of allergic reactions which can be life threatening. While the demand for peanut free products is growing there is very little product available because the processing facilities and equipment must be completely free of all peanut products and by products which are pervasive throughout food manufacturing even in non peanut foods. This combination of circumstances creates the opportunity to use the demand for peanut-free products as a platform to introduce the Adventure Bar into the market and thereafter expand to related markets.

The Adventure Bar can stand on its own as an energy bar providing taste, nutrition and value, but being peanut-free presents the opportunity needed to break into the already crowded food bar market. The Soynut Butter Company manufactures markets, and distributes their line of I. M. Healthy products which include a peanut butter alternative made from soy nuts. Over the past five years they have placed their product on the shelves of over 8,000 health food and grocery outlets. Adventure Foods LLC has entered a marketing agreement in which Adventure Bar will be marketed under the I.M.

Healthy Label and distributed throughout their network of distributors and national grocery chains. By affiliating with SNBC, Adventure Foods expects to sell over \$800,000 in the first year and within three years over \$5,000,000. Because the high cost of entry into peanut free manufacturing is prohibitive for small businesses and the size of the peanut free niche is too small to attract larger companies, it is likely Adventure Foods as well as its partner The Soynut Butter Company, will have several years to develop peanut free market opportunities before serious competitors enter.

1.2 Product/Service Description

Adventure Food products all emanate from a fundamental mission of providing the highest quality healthy food products using only the best natural ingredients with universal taste appeal. Adventure Foods will not make a product that demands an "acquired taste". Adventure believes healthy choices should not be difficult to make. By applying the hi-tech manufacturing technology and smart recipes, Adventure offers the benefits of a better, healthier product at a value acceptable to the discerning consumer. The consumer may buy the first bar for its superior nutritional value or they may have no other choice because of a peanut allergy, but they will continue to buy it, sharing with others because they prefer the taste.

The Adventure Bar is considered an energy bar. Energy bar is one of the five categories in the product segment known as Food Bars. Energy Bars are high in calories and carbohydrates that quickly convert to energy. The product is targeted to the active person who needs a quick boost while on the run. This product is the healthy alternative to the candy bar or what is commonly referred to as "cheap calories". The Adventure Bar at 130 calories per oz. makes it the best boost for the buck on the market. Other bars are comparable in levels of protein, sodium, fat; carbohydrates and fiber, but none can make the peanut free claim. This positions the Adventure Bar at the highest end of the product category with the distinction of not needing an allergy warning. Because this product is peanut-free it is safe to use in schools where concern over peanut allergies has caused bans on peanut products.

1.3 Current Business Position

Adventure Foods has completed the initial product development and testing and is now developing packaging. A marketing agreement has been finalized with the SNBC and vendors and suppliers of ingredients are being established. The design of the production line is complete and three sites have been selected, one is available for purchase and two for lease. Once financing is established it will take six to eight weeks to begin initial production. As soon as the company has the capacity to produce 40,000 units per month, the SNBC will place the initial order of 150,000 units and introduce the product to its customers.

1.4 Financial Potential

Based on research and the projections of SNBC, Adventure Foods projects \$835,000 sales in year one. This represents a modest rollout of less than one case per store. In year two sales are projected to be \$2,540,000 and \$4,540,000 in year three. Because the marketing and distribution costs are assumed by our marketing partner, SNBC, the

expenses are primarily related to production, overhead, and administration. Profits in the first year are estimated at \$59,000. Future year's indicate a dramatic increase in profitability, but the owners suggest that this will be reduced somewhat as investments are made in manufacturing. The expected return on investment after year one is likely to be in the 20% to 30% range, a rate similar to the experience of the SNBC in their third and successive years.

The owners are confident in the probability of achieving these profit targets as the economy of manufacturing is well understood. SNBC has demonstrated success in product placement in this very market. The risk of not achieving these objectives lies in the probabilities associated with market opportunities derived from the impact of peanut allergies. However all the research found indicates this is a very real and serious situation and that the demand for non peanut snack and nutrition substitutes is high and will only grow. Even without the association with the energy bar market, the health and specialty market segment could easily carry this venture. The Energy Bar market is over 1.2 billion. Statistics show that 2.5% of Americans have peanut allergies. The targeted market segment can reasonably be estimated at \$25 million. The associated segment from health food and general energy bar market would multiply that several times.

1.5 The Request

Adventure Foods is seeking investors to add an additional \$50,000 in equity. Next, Adventure Foods will require a capital loan for \$165,000 for equipment, \$100,000 for start up expenses and \$100,000 for initial inventory. Additional operating capital, in the form of a loan or line of credit, calls for another \$100,000 for a total investment of \$415,000 to establish this new business.