



SMOKY MARKET FOODS, INC.

A Publicly Traded Company: OTCQB "SMKY"

*From: Edward C. Feintech, Chairman, President & CEO
e-Mail: efeintech@smokymarket.com*

January 23, 2012

To SMKY Shareholders – Up-date News Letter

As stated in the December up-date letter, SMKY requires a minimum of \$500,000 to pursue its growth of revenue from the existing oven toward achieving a positive cash flow and to date, our operations remain limited due to a lack of capital to build distribution. The operating plans for 2012 set forth in the December news letter remain the same, if not enhanced as a result of recent activities, but in order for these plans to be executed this amount of financing must be secured. SMKY is critically low in cash and currently being supported by management, while at the same time management continues to secure major opportunities for distribution.

As a result of marketing efforts in the past couple of months from our initial distribution to SYSCO-Iowa and our sampling to numerous wholesale buyers, we have learned that our product quality is acknowledged to be far superior over competition, but our pricing is also at a premium level which I believe is limiting mainstream growth of distribution. In order to re-position SMKY so that its product can be both the highest quality with a competitive price, it is necessary for us to eliminate the profit level that we must add in between our cost to produce and our price to sell; in essence, SMKY must become "the" processor of its own product.

So to accomplish this task, I researched the industry of USDA processors and have moved SMKY into position in hopes of effecting an acquisition that would not only accomplish the substantial reduction of our processing cost, but also and most beneficially would [immediately] bring significant revenue and profitability into SMKY as a result of buying a successful processor. And I believe given the quality and profitability of the "Target Processor" and the purchase terms, and the enormous up-side potential seen in SMKY's business model, that this strategy and its financing plan for the acquisition will come to fruition. In the meantime, I have begun talks with investors to secure the interim cash that will enable SMKY to grow revenue with SYSCO and the Canadian opportunities while financing for the acquisition comes into place.

To request access to two files of restricted pertinent information relative to the acquisition and the plan of operation, please send me an e-mail titled REQUEST ACCESS, indicating whether you are an existing shareholder of record or interested investor and I will send you the files.

efeintech@smokymarket.com



Page Two

SYSCO-Iowa Performance

SYSCO-Iowa is slowly building its sales of our salmon as Iowa just isn't that big of a fish market, but I see the re-pricing of our salmon being a big incentive for more operators to add the product to their menu. As a result of the food show we held with SYSCO-Iowa in late December, they requested certain products they feel would move well in this market: the Iowa (14oz) Pork Chop center cut, Americas Center Cut (10oz) boneless pork fillet, boneless chicken breast, chicken wings and beef & pork burgers. They also requested our Smoke-Baked Beans, but our beans are too expensive to produce for foodservice distribution and are designed for retail packaged sales in supermarkets and through our BarBQ Diner operation. We are presently working up final pricing on these items and securing USDA labeling, and should have them into distribution within two months.

SYSCO Corporate Private Label & General Marketing

SYSCO corporate seafood buyer reset our salmon sampling to later in February and with the request of additional items by SYSCO-Iowa, we will also be sending the corporate meat buyer samples of these items as well. Given our re-pricing plan, the prospects for getting a production agreement of our products for SYSCO private label I believe have been greatly enhanced. We have also sent salmon samples to US Foods and are awaiting their reply.

All other marketing plans depicted in my December letter remain our strategy to accomplish as we receive more financing – cash is the element that enables everything to happen. We are also seeing that building sales takes time and patience when dealing with distributor buyers, and the key element there is having enough cash to go after and support a very wide range of distributors and end-users to maximize sales exposure. To that end and in anticipation of our receiving the needed interim capital, we have our division President in Canada bringing some large foodservice and grocery companies into ordering position, and we have two commission-based sales reps working large independent foodservice distributors in the US. I will begin making product introductions to more SYSCO divisions in the surrounding states that are much larger distributors and in market demographics where our salmon will be in greater demand.

2012 is a strategic positioning year for SMKY and should – with acquisition financing – set us into a place of rapid revenue growth and market appreciation. Thanks for being a SMKY Shareholder!

Best regards -

Eddie

Corporate & Production Offices
1511 E. 2nd St.
Webster City, Iowa 50595

Office of the Chairman
P.O. Box 2864
Aptos, CA 95001

Office: 866-851-7787 * FAX: 866-567-0829 * eMail: buysmoked@smokymarket.com

FORWARD-LOOKING STATEMENTS

Statements in this news release regarding future financial and operating results, future growth in research and development programs, potential applications of our technology, opportunities for the company and any other statements about the future expectations, beliefs, goals, plans, or prospects expressed by management constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words "will," "believes," "plans," "anticipates," "expects," "estimates," and similar expressions) should also be considered to be forward-looking statements. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including: our limited operating history, need for future capital and need to enter into relationships with retailers for retail merchandising business, supply and distribution risks, risks inherent in the development and commercialization of potential products, protection of our intellectual property, and economic conditions generally. Additional information on potential factors that could affect our results and other risks and uncertainties are detailed from time to time in the company's periodic reports, including the company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. Forward-looking statements are based on the beliefs, opinions, and expectations of the company's management at the time they are made, and the company does not assume any obligation to update its forward-looking statements if those beliefs, opinions, expectations, or other circumstances should change.
