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Special Wild Rice Market Update- September 18, 2007

We have been waiting to give some good news to our customers on wild rice...It seems that it is not meant to be !!!

Following two consecutive disastrous years, California and Minnesota had great spring conditions for planting and excellent growing conditions. All we needed were an average conditions during July/August and decent harvest conditions to get a great crop in. It appears that the storms that hit the wild rice growing areas later in the season affected the crop more negatively then everyone expected.

The industry was expecting California crop to be up as much as 20%. Now, we expect that the crop will be up only 10-12%. Minnesota was expected to be up 10%. It appears that the increase will only be 1-2%. These increases will not be enough to satisfy the overall demand.

When we look at the supply/demand equation, we see the market short. California and Minnesota production will be about 19-20 million lbs of finished wild rice. The demand is estimated to be around 21.5 to 22 million lbs. With no carryover, we will have shortages again in 2007/08 crop year. The industry needed every pound of the expected 24 million lbs of wild rice production and we did not get it...

Last but not least of all, the industry was counting on 2 million lbs of wild rice out of Canada. We did not get it. We will be lucky if we get 400,000 lbs.

In closing, there is no doubt that we are in for another rough year with high prices, product shortages and limited allotments.

All our existing customers will be guaranteed their normal usage from us in 2007/08. We will continue to work with the new wild rice customers to cover their requirements to the best of our ability. However, our existing customers will be given the first priority as usual.

Please do not hesitate to call me should you have any questions or requests.

Ali Bilgen