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Special Rice Market Update- February 12, 2008

Over the last few months, everyone in the rice industry, buyers and sellers alike, have been talking about prices. What we all neglected to do was to talk about the supply. No one has focused on the possibility of *lack of adequate supply*.

We need to stop talking about prices and start focusing on the supply.

Rice industry experts are starting to agree that between now and this time next year, with the prospect of relatively low plantings, a suspect carryover and a growing imbalance between global rice demand versus production, rice mills in the US will likely need to manage orders more closely and cover long time loyal key customers. There is a serious possibility of shortages between now and new crop in September. *We may see rationing later this year.*

After major price increases last week, Thailand, the largest rice exporter in the world, has stopped offering rice. We have not seen this in 20 years. In Asia, there is wide spread hoarding in anticipation of higher prices and tight supplies. There were also rumors that shippers in Thailand were trying to re-negotiate lower priced sales they had committed to earlier. This is a major problem for many rice eating countries that have no choice but to pay what ever price to buy rice and feed their people.

So what is next? We simply need to know from our customers what their projected volume for rice will be between now and September 30, 2008. We will do our best to secure the volume and cover your needs. We need to do this sooner then later...

In closing, I would like to assure you that both our principals, ***Riceland Foods Inc*** of Arkansas and ***Farmers' Rice Coop*** of California ***are the industry leaders*** and take great pride in looking after the needs of our customers. As farmer owned cooperatives, Riceland Foods and Farmers' Rice Coop have access to a large grower base and supply. The same may not true for other rice mills.

A & BB Rice Inc.

Ali Bilgen

