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Randy Ouzts**
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Dear CLEARFIELD® Rice Customer,

There's an old adage: "There's never a year that's just like another." And as I sit here writing this I'm hoping that the adage continues to ring true as we move into 2010 with our CLEARFIELD® rice business. We've learned a great deal after being confronted with some difficult circumstances from Mother Nature, and hopefully we gathered a few more tricks up our sleeves in the process. An old farmer friend reminded me quite some time ago to "Always keep your shoes under your bed." I started to ask him why but quickly figured out what he meant. Seems it never hurts to spend a little time there, too, when dealing with the unexpected curveballs we see from time to time in the farming business.

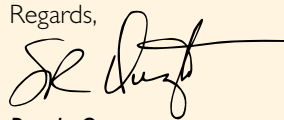
As we make progress toward planting and your grower customers prepare for another rice crop, we are undoubtedly looking at a tremendous year for CLEARFIELD rice. Bookings continue to exceed available inventory in most areas, and Horizon Ag is going to great lengths in assisting where we can to see that customers are able to source seed for their operations.

Our preliminary indications for 2010 are very bullish, as our new varieties come online and find their niches on the farm. With the addition of CL261 and CL111 in 2010, we are now very

well positioned to meet most any grower need for a CLEARFIELD variety. More lines are entering our seed production increase program and we are very excited to have two new varieties coming from the University of Arkansas, CL142-AR and CL181-AR. And the really big news for 2010 is CL151. In its second year on the market, CL151 is showing incredible acceptance across the rice belt due to its outstanding yield potential.

With growth comes the need to change, and we're in the process of doing that to assist everyone involved in our business. Our change in focus includes more people, more technical support in the field, and more resources dedicated to supporting our portfolio of CLEARFIELD rice varieties. We have great expectations for 2010 and beyond, and we look forward to another very profitable season with you. We're always available to help, so please don't hesitate to contact anyone at Horizon Ag if you think we can offer assistance.

Regards,



Randy Ouzts
General Manager

Market Continues to Support CLEARFIELD Varieties

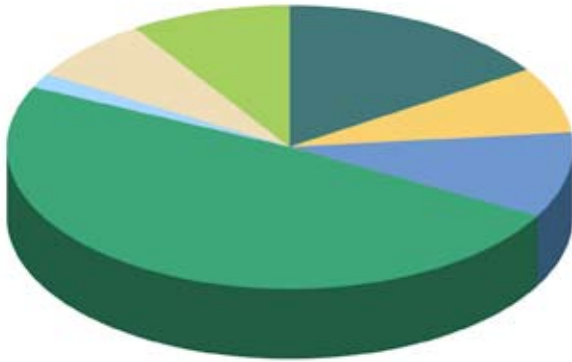
Certified seed production for CLEARFIELD rice varieties indicates a significant effort to supply the market as intentions are finalized for the 2010 season. We credit these things: the continued strong grower interest in CL151 and the newer varieties such as CL111 and CL142-AR, and the number of product choices available overall. Growers continue to adopt newer varieties at a rapid pace and the seed production cycle indicates strong demand continuing.

Our current 2010 certified seed sales forecast is heavily weighted toward the varieties CL151 and CL111, which have shown outstanding performance in university trials and commercial on-farm testing. We're seeing good indications that CL111 will capture a strong share of Texas and South Louisiana acres due to its very early maturity, high yields and second crop potential. CL142-AR is another new line that shows

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Market Continues to Support CLEARFIELD® Varieties *(continued)*

2010 Seed Production by Variety



- CLI11
- CLI31
- CLI42-AR
- CLI51
- CLI61
- CLI71-AR
- CLI81-AR
- CL261

promise to be a big seller in North Arkansas and Missouri due to its Francis characteristics and disease package.

Overall, the CLEARFIELD rice variety lineup is strong and demand from growers continues to grow due to consistent performance and availability. We anticipate up to one million acres of CLEARFIELD rice varieties to be planted in 2010 and technology stewardship should be a priority for everyone involved. We encourage you to remind growers about CLEARFIELD stewardship and to assist them in following all recommended practices, in order to preserve the technology for years to come.

New Arkansas Varieties

Two new varieties from Dr. Karen Moldenhauer's program at the University of Arkansas show lots of promise.

Both CLI42-AR and CLI81-AR are in limited commercial availability and in certified seed production this season. CLI42-AR is similar to Francis in terms of height and has a good blast rating and overall disease package. CLI42-AR has shown excellent vigor and tillering and it offers outstanding yield potential. Dr. Moldenhauer has reported that it has a large-sized kernel, which is ideal for the parboiling market.

We see CLI42-AR fitting the North Arkansas and Missouri markets very well. It should offer farmers an alternative to CLEARFIELD hybrids both in terms of seed price and where blast is a problem. Many farmers in areas of Northeast Arkansas and Missouri are looking to rotate away from hybrids, and CLI42-AR will allow them to do so without giving up yield due to disease pressure common in the area.

CLI81-AR, on the other hand, is a semi-dwarf plant comparable to CLI31 in height. It has shown very good vigor, outstanding yield potential and excellent milling and grain quality.



Both CLI42-AR and CLI81-AR are new varieties from University of Arkansas.

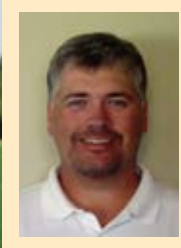
CLI42-AR

- Outstanding yield potential
- Traditional height (taller) variety for areas with high levees
- Excellent vigor and tillering
- Large kernel size which is ideal for the parboiling market

CLI81-AR

- Semi-dwarf variety with outstanding vigor
- Early indications show good disease package
- Excellent yield potential
- Great milling and grain quality

Regional Rice Reports



**Lance Schmidt, District Sales Manager,
Arkansas and Missouri**

Arkansas and Missouri growers are indicating an increase in rice acres for 2010 and bookings for CLEARFIELD® rice seed are very strong in all areas. CL151 is positioned very well against CLEARFIELD hybrids and growers are comparing seed costs and yield potential to make their decisions. We feel very good about performance with CL151 based on the positive experiences that growers and consultants had in 2009. This variety will continue to gain acceptance and I project it to be the number one variety in my territory by 2011. We're also putting CL111 and CL261 in key areas for evaluations. The need for a medium grain CLEARFIELD variety is there, according to our growers. Interest in CL261 remains high and growers are excited to finally see the CLEARFIELD technology on medium grain acres with red rice infestations. We have a lot more to learn about the Arkansas lines, CL142-AR and CL181-AR. Both appear to have the potential to fit our area very well. I'll have more to report on those varieties further into the season.



**Michael Fruge, District Sales Manager,
Louisiana, Mississippi and Texas**

Rice growers in Louisiana and Texas are extremely excited about the introduction of CL111 with bookings exceeding availability across the board. This variety has shown great potential and we believe that it is going to be a good fit in the areas where a ratoon crop is so important. Grain quality and milling appear to be excellent, and the mills have taken notice. CL151 bookings are very good due to the high yield potential of this variety. Growers are planning to use both of these varieties in a staggered approach toward harvest. The earliness of CL111 allows them to do this, and CL151 helps them maximize their yield potential. Louisiana medium grain growers are very excited with the introduction of CL261, and mills so far have been pleased with the quality of this variety. We continue to work with the mills and their downstream customers to support a full launch in 2011.

In Mississippi, growers are positioning to plant more rice acres in 2010 it appears, with some early estimates as high as 300,000 acres in the state. The lodging in CL151 that was seen in 2009 continues to be a concern with some growers who experienced it. However, they are going to continue to plant this variety because of its high yield potential. We are working with area researchers and consultants to evaluate seeding rates and nitrogen applications to see what might be done to alleviate this issue. Growers are indicating continued interest in CL131 along with CL151 and we expect our market share to remain steady this season in the state.



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