

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM NO LATER THAN SEPTEMBER 10, 2010	The only way to get a payment.
EXCLUDE YOURSELF NO LATER THAN SEPTEMBER 10, 2010	Get no payment. This is the only option that allows you to be part of any other lawsuit against Defendants about the legal claims in this case.
OBJECT NO LATER THAN SEPTEMBER 10, 2010	Write to the Court about why you do not like the settlement.
GO TO A HEARING ON OCTOBER 1, 2010	Speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights

INQUIRIES

Please do not contact the Court regarding this notice. All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class members should be directed to:

NutraCea, Inc. Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063
Tel: (866) 274-4004
www.strategicclaims.net

COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired NutraCea Stock during the Class Period.

2. What is this lawsuit about?

The case is known as *Burritt v. NutraCea, et al.*, CV-09-406-PHX-FJM (the “Class Action”), and the Court in charge of the case is the United States District Court for the District of Arizona.

The Plaintiffs’ Complaint alleges that Defendants violated federal and Arizona securities laws by signing, certifying and filing financial statements with the SEC that were false and misleading due to various accounting manipulations, including recording revenue in violation of Generally Accepted Accounting Principles (“GAAP”) and made other allegedly misleading statements regarding the financial results of the Company. All Defendants deny they did anything wrong. The Settlement resolves all of the claims in the Class Action.

3. Why is this a class action?

In a class action, one or more persons and/or entities, called Lead Plaintiffs, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a Class, and these individual persons and/or entities are known as Class Members. One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

4. Why is there a Settlement?

Lead Plaintiff and Defendants do not agree regarding the merits of Plaintiffs’ allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail at trial on each claim. The issues on which the Lead Plaintiff and Defendants disagree include: (1) whether Defendants made any materially false and misleading statements; (2) whether Defendants made the statements with the requisite knowledge; (3) whether Plaintiffs’ relied on the Defendants’ statements in deciding to purchase NutraCea Stock; (4) whether the statements were the cause of the investors’ alleged damages; and (5) the amount of damages, if any, suffered by investors.

This matter has not gone to trial and the Court has not decided in favor of either Plaintiffs or Defendants. Instead, Plaintiffs and Defendants have agreed to settle the Class Action. The Lead Plaintiff and Class Counsel believe the settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by the Defendants. NutraCea has filed for bankruptcy protection and is currently being reorganized. Thus, even if Plaintiffs win at trial, and also withstand Defendants’ inevitable challenge on appeal, Plaintiffs would likely not be able to collect some, or all, of the Judgment.

5. How do I know if I am part of the Class settlement?

To be a Class Member, you must have purchased or otherwise acquired NutraCea Stock during the period from April 2, 2007 through and including February 23, 2009.

6. Are there exceptions to being included?

Yes. You are not a Class Member if you are a Defendant, an immediate family member of any Defendant, a Defendant’s legal representative, heir, predecessor, successor or assign or any entity in which any Defendant has or had a controlling interest, or any person who has separately filed actions against one or more of the Defendants based in whole or in part on any claim arising out of or relating to any of the acts, omissions, misrepresentations, facts, events, matters, transactions or occurrences referred to in the Class Action. Also, if you exclude yourself from the Class, as described below, you are not a part of the Class.

7. What does the Settlement provide?

a. What is the Settlement Fund?

The proposed Settlement calls for Defendants to create a Settlement Fund (the “Settlement Fund”) in the amount of \$1,500,000, plus fifty percent (50%) of any funds remaining in the Insurance Policy after payment of all valid claims under the Insurance Policy and payment of all legal fees related to such valid claims, as long as there is \$150,000 or more of funds remaining in the Policy. There is no guarantee that there will be any funds remaining in the Policy. Thus, there is a substantial likelihood that the total Settlement Fund may not exceed \$1.5 million. The Settlement is subject to Court approval. Also, subject to the Court’s approval, a portion of the Settlement Fund will be used to pay Lead Plaintiff’s attorneys’ fees and reasonable litigation expenses and any award to Lead Plaintiff. A portion of the Settlement Fund will also be used to pay taxes due on interest earned by the Settlement Fund, if necessary, and any notice and claims administration expenses permitted by the Court. After the foregoing deductions from the Settlement Fund have been made, the amount remaining (the “Net Settlement Fund”) will be distributed to Class Members who submit valid claims.

b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed; (ii) the dates you purchased and sold NutraCea Stock; (iii) the prices of your purchases and sales; (iv) the amount of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Lead Plaintiff and Class Counsel for attorneys' fees, costs and expenses.

The compensable loss per share ("Recognized Loss") for each claimant shall be determined based on the inflation in the share price caused by the alleged fraud at the date of purchase minus the inflation in share price at the date of sale.

The Recognized Loss of each Authorized Claimant shall be calculated according to the following formula:

- A. For shares purchased between April 2, 2007 and February 23, 2009, inclusive and sold between April 2, 2007 and February 23, 2009, inclusive recognized loss will be the price paid less the price received.
- B. For shares purchased between April 2, 2007 and February 23, 2009, inclusive and held on February 23, 2009, recognized loss is the price paid less \$.29.

c. Are there any further limitations on the amount I may receive?

- i) To the extent there are sufficient funds in the Net Settlement Fund, each Class Member with a Recognized Loss that satisfies the requirements approved by the Court ("Authorized Claimant") will receive an amount equal to the Authorized Claimant's Recognized Loss described above. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants.
- ii) For Class members who conducted multiple transactions in NutraCea Stock during the Class Period, the earliest subsequent sale shall be matched first against those shares in the Claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.
- iii) Transactions during the Class Period resulting in a gain shall be netted against the Class Members transactions resulting in a loss to arrive at the Recognized Loss.
- iv) Any Class members whose collective transactions in NutraCea Stock during the Class Period resulted in a net gain shall not be entitled to share in the Net Settlement Fund.
- v) The purchase and sales prices exclude any brokerage commissions, transfer taxes or other fees.
- vi) The covering purchase of a short sale is not an eligible purchase. Gifts and transfers are not eligible purchases.

8. How can I get a payment?

To qualify for a payment, you must send in a form entitled "Proof of Claim and Release" form. This claim form is attached to this Notice. You may also obtain a claim form on the Internet at www.strategicclaims.net. Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than September 10, 2010, to:

NutraCea, Inc. Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063

The Claims Administrator will process your claim and determine whether you are an "Authorized Claimant."

9. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all claims against Defendants and all other persons and entities in connection with your acquisition of NutraCea Stock during the Class Period. It also means that all of the Court's orders will apply to you and legally bind you. If you sign the claim form, you are agreeing to a "Release of Claims," which will bar you from ever filing a lawsuit against any person or entity to recover losses from the acquisition or sale of NutraCea Stock during the Class Period. That means you will accept a share in the Net Settlement Fund as sole compensation for any losses you have suffered in the acquisition and sale of NutraCea Stock during the Class Period.

10. How do I get out of the Settlement?

If you do not want to receive a payment from this Settlement, and you want to keep the right to sue or continue to sue Defendants on your own based on the legal claims raised in this Class Action, then you must take steps to get out of the Settlement. This is called excluding yourself from—or “opting out” of—the Settlement. To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Class Member from *Burrirt v. NutraCea, et al.*, CV-09-406-PHX-FJM. Be sure to include your name, address, telephone number and your signature, along with an accurate list of all of your purchases and sales of NutraCea Stock. You must mail your exclusion request, postmarked no later than September 10, 2010, to:

NutraCea, Inc. Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson Street, Suite 3
Media, PA 19063

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not receive a settlement payment, and you cannot object to the Settlement. If you ask to be excluded, you will not be legally bound by anything that happens in this Class Action.

11. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Class to continue your own lawsuit.

12. Do I have a lawyer in this case?

The Court appointed the Rosen Law Firm, P.A. to represent you and the other Class Members. These lawyers are called Lead Plaintiff’s Counsel or Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

Class Counsel have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the litigation themselves and have not been paid attorneys’ fees in advance of this Settlement with the expectation that if they are successful in recovering money for the Class, they will receive attorneys’ fees and be reimbursed for their litigation expenses from the Settlement Fund, as is customary in this type of litigation. Class Counsel will not receive attorneys’ fees or be reimbursed for their litigation expenses except from the Settlement Fund. Therefore, Class Counsel will file a motion asking the Court at the Fairness Hearing to make an award of attorneys’ fees in an amount not to exceed one-quarter the Settlement Amount, for reimbursement of reasonable litigation expenses not to exceed \$150,000, and awards to each of the Lead Plaintiffs in an amount not to exceed \$2,500 per award. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

14. How do I tell the Court that I do not like the Settlement?

You can tell the Court you do not agree with the Settlement, any part of the Settlement, or Class Counsel’s motion for attorneys’ fees, and that you think the Court should not approve the Settlement, by mailing a letter stating that you object to the *Settlement in Burrirt v. NutraCea, et al.*, CV-09-406-PHX-FJM. Be sure to include your name, address, telephone number, your signature, a list of your purchases and sales of NutraCea Stock in order to show your membership in the Class, and all of the reasons you object to the Settlement. Be sure to mail the objections to the three different places listed below, postmarked no later than September 10, 2010, so the Court will consider your views:

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Clerk of the Court United States District Court District of Arizona Sandra Day O’Connor U.S. Courthouse 401 W. Washington Street Suite 130, SPC 1 Phoenix, AZ 85003-2118	Phillip Kim, Esq. THE ROSEN LAW FIRM, P.A. 350 Fifth Avenue, Suite 5508 New York, NY 10118	Sara B. Brody, Esq. SIDLEY AUSTIN LLP 555 California Street San Francisco, CA 94104

15. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Settlement. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you.

16. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing on October 1, 2010 at 2:00 p.m., at the United States District Court for the District of Arizona, Sandra Day O'Connor U.S. Courthouse, 401 W. Washington Street, Suite 130, SPC 1, Phoenix, AZ 85003-2118. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel for attorneys' fees and expenses.

17. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mail your written objection on time, the Court will consider it.

18. What happens if I do nothing at all?

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the claims made in this case ever again.

DATED: JUNE 3, 2010

BY ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA