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5
6 **UNITED STATES BANKRUPTCY COURT**
7 **DISTRICT OF ARIZONA**

8 In re:
9 NUTRACEA, a California corporation
10 Debtor.

Chapter 11

Case No.: 2-09-bk-28817-CGC

11 **MOTION TO APPROVE**
12 **SETTLEMENT OF**
13 **CONSOLIDATED SECURITIES**
14 **CLASS ACTION LAWSUIT**

14 Pursuant to Rule 9019, Federal Rules of Bankruptcy Procedure, Debtor hereby
15 moves this court for the entry of an order approving the settlement of all claims asserted
16 against Debtor and two of its former directors and officers in the consolidated class action
17 lawsuit entitled *Burritt v. NutraCea, et al.*, Case No. CV-09-406-PHX-FJM (the “**Class**
18 **Action Lawsuit**”), which is presently pending before Judge Frederick J. Martone in the
19 United States District Court for the District of Arizona. The terms of the settlement are
20 reflected in the Stipulation and Agreement of Settlement (the “**Settlement Agreement**”),
21 a copy of which is attached hereto as Exhibit “A”. The Settlement Agreement provides,
22 among other things, that Debtor’s D&O insurance carrier, Carolina Casualty Insurance
23 Company (“**Carolina Casualty**”) will pay \$1.5 million to plaintiffs, plus the additional
24 consideration described below, in return for a full release of all claims. This motion is
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1 more fully set forth and supported in the accompanying Memorandum of Points and
2 Authorities.

3 **MEMORANDUM OF POINTS AND AUTHORITIES**

4 **A. The Bankruptcy Case**

5 1. Debtor is a publicly traded health-science company that develops and
6 distributes stabilized rice bran and proprietary rice bran formulations. Its products include
7 food supplements and medical foods for humans and animals based on stabilized rice
8 bran, rice bran derivatives, and rice bran oils.

9 2. On November 10, 2009, Debtor filed its voluntary petition for relief under
10 Chapter 11 of the Bankruptcy Code. Pursuant to §§ 1107(a) and 1108 of the Bankruptcy
11 Code, it is managing its assets and properties as debtor-in-possession.

12 3. An official committee of unsecured creditors was appointed on November
13 19, 2009 and retained Jennings, Strouss & Salmon, PLC as counsel.

14 **B. The Class Action Lawsuit**

15 4. On February 23, 2009, Debtor announced that its Audit Committee,
16 composed of independent outside directors, had commenced a review regarding certain
17 accounting and reporting practices. Based on the preliminary findings of this review, the
18 Board determined that two transactions in 2007 were incorrectly recorded and that the
19 2007 financial statement and the 2007 and 2008 quarterly reports would need to be
20 restated.

21 5. On April 23, 2009, Debtor issued a press release, stating that the Audit
22 Committee had expanded its review and that Debtor would restate two additional
23 transactions and its 2006 annual and Q4 2006 financial statements. On October 21, 2009,
24 Debtor announced the completion of its review and the restatement of financial results for
25 2006, 2007 and the first three quarters of 2008.

1 6. On February 27, 2009, four days after the first announcement described
2 above, the Class Action Lawsuit was filed. A second class action lawsuit was filed on
3 April 27, 2009, four days after the second announcement described above. The second
4 class action lawsuit was subsequently consolidated with the Class Action Lawsuit, and a
5 consolidated class action complaint was filed on July 1, 2009. The class of plaintiffs,
6 which has not yet been certified, includes everyone who purchased Debtor's stock from
7 April 2, 2007 to February 23, 2009 and were damaged thereby.

8 7. In addition to Debtor; its former CEO, President, and Director, Bradley D.
9 Edson, and its former CFO, Todd C. Crow, were named as defendants in the Class Action
10 Lawsuit. Director David Bensol was also named but was later dismissed.

11 8. The consolidated complaint, as subsequently amended, alleges, among other
12 things, that Debtor misled investors by improperly accounting for certain transactions and
13 overstating its revenues in 2006, 2007 and 2008, in violation of state and federal securities
14 laws.

15 **C. The Adversary Proceeding**

16 9. On March 31, 2010, plaintiffs in the Class Action Lawsuit filed an
17 adversary proceeding against Debtor in the U.S. Bankruptcy Court, entitled *Harvey*
18 *Pensack v. NutraCea*, Case No. 2:10-ap-00508-CGC (the "**Adversary Proceeding**").
19 The complaint in the Adversary Proceeding alleges the same claims as the amended
20 complaint in the Class Action Lawsuit. The summons and complaint in the Adversary
21 Proceeding were never served.

22 **D. Insurance Coverage**

23 10. Debtor and its current and former officers and directors are covered by a
24 Directors' and Officers' and Corporate Liability Insurance Policy issued by Carolina
25 Casualty, Policy No. 1849088 (the "**Policy**"). The Policy, as extended, provides coverage

1 for claims made between October 1, 2008 and March 31, 2010, and has a \$5,000,000 limit
2 of liability. It covers costs of defense as well as judgments and settlements, and thus is a
3 diminishing policy.

4 **E. The Settlement**

5 11. As a result of a mediation conducted on April 7, 2010, the parties to the
6 Class Action Lawsuit entered into the Settlement Agreement, pursuant to which Carolina
7 Casualty will pay plaintiffs, in full satisfaction of their claims, \$1.5 million plus one-half
8 of any unused proceeds of the Policy after payment of all valid claims and legal fees, but
9 only if the amount of unused proceeds is \$150,000 or more. Debtor is also obligated to
10 pay the cost of mailing the notice of settlement and associated documents to the plaintiffs.

11 12. The claims to be released include, without limitation, all those asserted or
12 that could have been asserted in the Class Action Lawsuit and/or the Adversary
13 Proceeding and all those arising from or related to the purchase of Debtor's stock during
14 the class period.

15 13. The settlement is subject to approval by the District Court and by this court,
16 and is subject to a minimum number of affected shareholders choosing not to opt out of
17 the settlement class.

18 14. The District Court granted preliminary approval of the settlement on June 3,
19 2010 and set a hearing on final approval for October 1, 2010. Debtor is confident that
20 final approval will be granted by the District Court at that time.

21 15. Affected investors have the right to opt out of the settlement. If they do,
22 they may assert claims against Debtor, provided that they timely file a proof of claim in
23 this case (it is Debtor's position that the bar date for many, if not most, of such claims
24 passed on March 31, 2010). If any such claims are filed and allowed, it is Debtor's
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1 position that they will be subordinated in their entirety to the level of Debtor's common
2 stock, pursuant to 11 U.S.C. § 510(b).

3 16. Under the settlement, Debtor is not releasing any claims that it may have
4 against other defendants, with one exception: In accordance with Section 21D-4(f)(7)(A)
5 of the Private Securities Litigation Reform Act of 1995, 15 U.S.C. see 78U-4(f)(7)(A),
6 Debtor is releasing claims for contribution against the other defendants relating to the
7 settlement.

8 17. The foregoing summary of the settlement is not intended to be exhaustive
9 and, to the extent that there is any disagreement between it and the actual terms of the
10 Settlement Agreement, the terms of the Settlement Agreement control.

11 **F. Approval of the Settlement is Warranted**

12 18. The court has broad discretion in approving settlements. *In re Woodson*,
13 839 F.2d 610, 620 (9th Cir. 1988). It is not required to decide questions of fact or law
14 raised in the litigation or to determine that the settlement is the best possible outcome.

15 19. The court need only canvass the issues to determine whether the settlement
16 falls "below the lowest point in the zone of reasonableness." *Newman v. Stein*, 464 F.2d
17 689, 698 (2nd Cir. 1972), *cert. denied*, 409 U.S. 1039 (1972); *see also, In re Pennsylvania*
18 *Truck Lines, Inc.*, 150 B.R. 595, 598 (Bankr. E.D. Pa. 1992).

19 20. If the court finds that the settlement does not fall below the threshold of
20 reasonableness, it should be approved. *In re Planned Protective Services, Inc.*, 130 B.R.
21 94, 99 n.7 (Bankr. C.D. Cal. 1991).

22 21. The settlement in this case will be funded almost entirely by Carolina
23 Casualty and will completely eliminate the costs, risks and uncertainties associated with
24 the Class Action Lawsuit.

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1 22. Accordingly, the settlement falls well within the zone of reasonableness, is
2 in the best interests of Debtor, the estate, creditors and equity security holders and should
3 be approved by the court.

4 **G. Conclusion**

5 For all the reasons set forth above, Debtor requests that the court enter its order
6 approving the settlement of the Class Action Lawsuit pursuant to the terms of the
7 Settlement Agreement.

8 Dated this 18th day of June, 2010.

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FORRESTER & WORTH, PLLC

/s/ SCF 006342
S. Cary Forrester
Attorneys for Debtor

Copy mailed or emailed this 18th day
of June, 2010 to all those on the
Official Notice Service List:

/s/ Carrie A. Lawrence
Carrie A. Lawrence

EXHIBIT “A”

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

JENNIFER BURRITT, INDIVIDUALLY	)	No. CV-09-00406-PHX-FJM
AND ON BEHALF OF ALL OTHERS	)	(Consolidated)
SIMILARLY SITUATED,	)	<u>CLASS ACTION</u>
)	
Plaintiff,)	
)	
vs.)	
)	
NUTRACEA, BRADLEY)	
D. EDSON, TODD C. CROW,)	
AND DAVID BENSOL,)	
Defendants.)	

STIPULATION AND AGREEMENT OF SETTLEMENT

This stipulation and agreement of settlement dated May 17, 2010 (the “Settlement Stipulation”) is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure. Subject to the approval of the District Court and Bankruptcy Court, this Settlement Stipulation is entered into by Lead Plaintiff Harvey Pensack (“Lead Plaintiff”) and additional named plaintiffs Jennifer Burritt and Jose Medrano (“Named Plaintiffs”), on behalf of themselves and the Class (defined herein), and by NutraCea, Inc. (“NutraCea” or the “Company”), Bradley D. Edson, Todd C. Crow, and David Bensol (collectively, “Defendants”), all parties to this litigation (the “Parties”), by and through their respective counsel.

This Settlement Stipulation is intended by the Parties to fully and finally compromise, resolve, discharge and settle the Released Claims, as defined herein, subject to the terms and conditions set forth below and final approval of the District Court and the Bankruptcy Court.

WHEREAS:

A. Beginning on February 27, 2009, a Class Action Complaint against NutraCea, Bradley Edson, Todd Crow and David Bensol, alleging violations of federal securities laws,

Burritt v. NutraCea, Inc., et al., CV-09-00406-PHX-FJM was filed in the United States District Court for the District of Arizona (the “Litigation”). On April 27, 2009, Harvey Pensack filed a Class Action Complaint on behalf of all purchasers of NutraCea common stock from April 2, 2007 through February 23, 2009, extending the length of the Class Period.

B. By Order dated May 29, 2009, the Court appointed: (i) Harvey Pensack as Lead Plaintiff; (ii) The Rosen Law Firm P.A. as Lead Counsel; and (iii) Tiffany & Bosco, P.A. as Liaison Counsel.

C. Lead Plaintiff, Jennifer Burritt and Jose Medrano (Burritt and Medrano hereinafter “Named Plaintiffs”) filed a Consolidated Class Action Complaint on July 1, 2009, alleging: (Count 1) violations of section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder against Defendants NutraCea, Edson, Crow, and David Bensol; (Count 2) violations of section 20(a) of the Securities Exchange Act of 1934 against Defendants Edson, Crow and Bensol; (Count 3) violations of section 44-1991(A)(3) & 44-2003(A) of the Arizona Revised Statutes against all Defendants; and (Count 4) violations of section 44-1999(B) of the Arizona Revised Statutes against Edson, Crow and Bensol. Plaintiffs subsequently voluntarily dismissed Mr. Bensol from the Litigation. On September 25, 2009, after discovering new facts in support of their claims, Plaintiffs filed a Second Amended Class Action Complaint for Violation of federal and Arizona Securities Laws (the “Complaint”) asserting the same causes of action.

D. Lead Counsel, on behalf of Plaintiffs, has investigated the allegations of wrongdoing asserted and the alleged damages suffered by the Class. Lead Counsel has analyzed the facts and the applicable law with respect to the claims against the Defendants and the potential defenses thereto, which in Lead Plaintiff’s judgment has provided an adequate and satisfactory basis for the Settlement described herein.

E. On November 10, 2009 NutraCea filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et. seq.* The bankruptcy case, entitled *In re NutraCea, a California Corporation*, Case No. 2:09-bk-28817-CGC (the “Bankruptcy Case”) is currently pending before the United States Bankruptcy Court, District of Arizona – Phoenix Division (the “Bankruptcy Court”).

F. On or about November 18, 2009, NutraCea filed a complaint in the Bankruptcy Court, entitled *NutraCea v. Harvey Pensack and Jennifer Burritt*, Adv. No. 2:09-ap-01525 (the “Injunction Action”), seeking, among other things, an injunction against the continued prosecution of the Litigation pending confirmation of a plan of reorganization. No answer has yet been filed, but the Bankruptcy Court has denied two applications for issuance of a temporary restraining order and preliminary injunction.

G. On February 24, 2010, the Court granted in part and denied in part Crow’s Motion to Dismiss, dismissing Plaintiffs’ Section 10(b) and Rule 10b-5 claim against Crow, and denied Edson’s Motion to Dismiss.

H. On March 31, 2010 Plaintiffs filed an adversary proceeding against NutraCea in the Bankruptcy Court, entitled *Harvey Pensack v. NutraCea*, Case No. 2-10-bk-00508-CGC (the “Adversary Proceeding”). The complaint in the Adversary Proceeding alleges the same claims as the Complaint. The summons and complaint in the Adversary Proceeding have not been served.

Settlement Negotiations

I. The Parties, and the Defendants’ directors and officers liability insurer, Carolina Casualty Insurance Company, engaged in an extensive mediation process using a nationally recognized mediator, Hon. Eugene Lynch, (Retired.), and they have conducted discussions and

arm's length negotiations with each other with respect to a compromise and settlement of the Litigation.

Defendants' Denials of Wrongdoing and Liability

J. Defendants have denied, and continue to deny, each and every claim and contention alleged by Lead Plaintiff in the Litigation. Defendants have expressly denied, and continue to deny, all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Defendants believe that Lead Plaintiff's allegations of fraud have no merit and that a class could not be certified under Rule 23. Defendants also have denied, and continue to deny, inter alia, the allegations that Lead Plaintiff or the Class have suffered damage, that the price of NutraCea common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, or that Lead Plaintiffs or the Class were harmed by the conduct alleged in the Litigation.

K. Nonetheless, Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation. Defendants therefore have determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation without in any way acknowledging any wrongdoing, fault, liability or damage to Lead Plaintiff or the Class.

Benefits of the Settlement to the Class

L. Lead Plaintiff and Lead Counsel believe that the Settlement provides an excellent monetary recovery for the Class (as defined below) based on the claims asserted, the evidence developed and the damages that might be proven by the Class in the Litigation.

M. Lead Counsel, on behalf of Lead Plaintiff, further recognizes and acknowledges the expense and length of continued proceedings necessary to prosecute the Litigation through trial and appeal. Lead Counsel also has considered the uncertain outcome and the risk of any litigation, including the risk that plaintiffs might recover nothing, especially in a complex action such as this one, as well as the difficulties and delays inherent in any such litigation. Lead Counsel is also mindful of the inherent problems of proof and possible defenses to the Litigation, including being certified as a class action, and to the federal securities law violations asserted against Defendants and therefore believe that it is desirable that the Released Claims (as defined below) be fully and finally compromised, settled and resolved as set forth herein. Lead Counsel has also considered that there are several potential coverage defenses and exclusions that may be applicable to this Litigation, which could materially affect the potential collectability of any judgment entered in this Litigation. Based upon their evaluation, Lead Counsel, on behalf of Lead Plaintiffs, has determined that the Settlement set forth in this Settlement Stipulation is fair, reasonable and adequate and in the best interests of Lead Plaintiffs and the Class.

NOW THEREFORE, without any admission or concession on the part of Lead Plaintiffs or Lead Counsel of any lack of merit of the Litigation, and without any admission or concession of any liability or wrongdoing or lack of merit in the defenses whatsoever by Defendants, it is hereby STIPULATED AND AGREED, by and among the Parties to this Settlement Stipulation, through their respective attorneys, subject to approval of the District Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, the Private Securities Litigation Reform Act of 1995 (“PSLRA”) and other conditions set forth herein, and subject to approval of the Bankruptcy

Court pursuant to Rule 9019, Federal Rules of Bankruptcy Procedure, and in consideration of the benefits flowing to the Parties hereto from the Settlement, that the Litigation and all Released Claims (as defined below) as against the Released Parties (as defined below) shall be finally and fully compromised, settled, released and dismissed, on the merits and with prejudice, in the manner and upon and subject to the terms and conditions set forth herein.

Certain Definitions

1. The following capitalized terms used in this Settlement Stipulation shall have the meanings specified below:

(a) “Authorized Claimant” means any Class Member (as defined below) whose claim for recovery has been allowed pursuant to the terms of this Settlement Stipulation.

(b) “Claim” means the submission to be made by Class Members, on the Proof of Claim form attached hereto as Exhibit A-2, or as may be required by the District Court.

(c) “Claims Administrator” means Strategic Claims Services, the firm which Lead Counsel requests be appointed by the District Court to administer the Settlement and disseminate notice to the Class.

(d) “Class” means the class that is certified by the District Court for purposes of settlement of the Litigation. Included in such Class are all persons who purchased the common stock of NutraCea during the period from April 2, 2007 through February 23, 2009, inclusive. Excluded from the Class are the Defendants, any members of Defendants’ immediate families, any entity in which any Defendant has a controlling interest, directors and officers of NutraCea, and the affiliates, legal representatives, heirs, predecessors, successors and assigns of any such excluded party.

(e) “Class Members” means Persons (defined below) who are members of the Class who do not timely and properly exclude themselves therefrom.

(f) “Defendants” are NutraCea, Inc., Bradley D. Edson, Todd C. Crow and David Bensol. “NutraCea” includes, without limitation, the Company, its bankruptcy estate and any successor in interest or reorganized entity.

(g) “Defendants’ Counsel” means the law firms of: (i) Sidley Austin LLP, 555 California Street, San Francisco, CA 94104, Tel. 415-772-1200, counsel for the Company and Mr. Bensol; (ii) Fennemore Craig, P.C., 3003 North Central Avenue Suite 2600 Phoenix, AZ 85012-2913, Tel. (602) 916-5000, counsel for Edson; and (iii) Foley & Lardner LLP, 555 South Flower Street Suite 3500 Los Angeles, CA 90071-2411, Tel. 213-972-4500, counsel for Crow.

(h) “District Court” means the United States District Court for the District of Arizona.

(i) “Effective Date” means the first day following the date on which the Settlement contemplated by this Settlement Stipulation shall become effective as set forth in ¶ 30 below.

(j) “Escrow Account” means the interest-bearing account established pursuant to ¶¶ 6-7 herein.

(k) “Escrow Agent” shall mean Laurence Rosen, Esquire, of the Rosen Law Firm, P.A., Lead Counsel of the Class. The Escrow Agent shall perform the duties set forth in this Settlement Stipulation.

(l) “Final Approval” means the date that the time for appeal and review of the Order and Final Judgment (defined below) by the District Court in the Litigation approving (i) the Settlement and (ii) the release of the Released Claims as to the Released Parties as fair, adequate and reasonable, and dismissing the claims of the Lead Plaintiffs and the Class against the Defendants, with prejudice; or, if any appeal is filed and not dismissed, after the Order and Final Judgment is upheld on appeal in all material respects and is no longer subject to review upon appeal or review by certiorari or otherwise, and the time for any petition for reargument, appeal or review, by certiorari or otherwise, has expired; or, in the event that the District Court enters an order and final judgment in a form other than that provided above (“Alternative Judgment”) and none of the parties hereto elect to terminate this Settlement, the date that such Alternative Judgment becomes final and no longer subject to appeal or review by certiorari or otherwise, and the time for any petition for reargument, appeal or review, by certiorari or otherwise, has expired.

(m) “Lead Counsel” means The Rosen Law Firm, P.A., selected by Lead Plaintiff Harvey Pensack and appointed by the District Court to represent the interests of Lead Plaintiff and the Class.

(n) “Lead Plaintiff” means Harvey Pensack, appointed by the Court order as Lead Plaintiff for the Litigation.

(o) “Carolina” means Defendants’ directors and officers liability insurer, Carolina Casualty Insurance Company.

(p) “Net Settlement Fund” shall have the meaning set forth in ¶ 5 herein.

(q) “Order and Final Judgment” means the order(s) and final judgment(s) to be entered in the Litigation pursuant to ¶ 27 of this Settlement Stipulation and substantially in the form of Exhibit B hereto.

(r) “Person” and “Persons” means any individual, corporation, partnership, association, affiliate, joint stock company, estate, trust, unincorporated association, entity, government and any political subdivision thereof, or any other type of business or legal entity, any legal representative, and their spouses, heirs, predecessors, successors, representatives, agents, or assignees.

(s) “Plan of Allocation” means the plan for allocating the Net Settlement Fund (as set forth in the Notice of Pendency and Proposed Settlement of Class Action) to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes and Tax Expenses and such attorneys’ fees, costs and expenses as may be awarded by the District Court. Any Plan of Allocation is not part of the Stipulation and the Defendants and Released Persons shall have no liability with respect thereto.

(t) "Policy" means the insurance policy No. 1849088 issued by Carolina to the Company and its officers and directors.

(u) “Preliminary Order” means the Proposed Order Preliminarily Approving Settlement and Providing for Notice that Lead Counsel and Defendants will seek from the District Court, substantially in the form attached as Exhibit A and as described in ¶ 26 below.

(v) “Publication Notice” means the summary notice of pendency and proposed settlement for publication substantially in the form attached as Exhibit A-3.

(w) “Released Claims” means any and all claims, debts, demands, rights, liabilities and causes of action, known or Unknown (as defined in ¶ 1(ff) , asserted in the Litigation and/or the Adversary Proceeding by Lead Plaintiffs or any Class Member against any of the Released Parties or that might have been asserted by Lead Plaintiffs or any Class Member against any of the Released Parties in any forum, arising out of, based upon or related to their purchase of NutraCea stock during the Class Period or the allegations, transactions, facts, matters, events, acts, representations or omissions asserted, set forth, or referred to in the Complaint or the settlement or resolution of the Litigation (including but not limited to any claims for attorneys’ fees by Lead Plaintiff or any Class Member), or the Injunction Action.

(x) “Released Parties” means Defendants and members of their immediate families, and any of their current, former, or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, employees, attorneys, accountants, advisors, insurers (including but not limited to Carolina), reinsurers, agents (acting in their capacity as agents), associates, and any other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants or their current, former, and future legal representatives, heirs, successors in interest or assigns.

(y) “Settlement” means the settlement as set forth in this Settlement Stipulation.

(z) “Settlement Amount” means \$1.5 million, and in addition, fifty percent (50%) of any funds remaining in the Policy after payment of all Loss from all Claims, Securities Claims, and notices of potential Claims submitted under the Policy (as those terms are defined under the Policy), except that if the amount remaining of the Policy limit after all

such payments is less than \$150,000, Carolina shall have no obligation to pay the remainder into the Settlement Fund. The Settlement Amount shall be paid entirely by Carolina.

(aa) “Settlement Fund” means the payment made pursuant to ¶ 4 herein.

(bb) “Settlement Hearing” means the final hearing to be held by the Court to determine: (1) whether the proposed Settlement should be approved as fair, reasonable and adequate; (2) whether all Released Claims should be dismissed with prejudice; (3) whether an order approving the Settlement should be entered thereon; and (4) whether the allocation of the Settlement Fund should be approved.

(cc) “Settlement Notice” means the Notice of Pendency and Settlement of Class Action which is to be sent to Class Members substantially in the form attached hereto as Exhibit A-1.

(dd) “Taxes” means any taxes due and payable with respect to the income earned by the Settlement Fund, including any interest or penalties thereon.

(ee) “Tax Expenses” means any expenses and costs incurred in connection with the payment of Taxes (including, without limitation, expenses of tax attorneys and/or accountants and expenses relating to the filing or failure to file all necessary or advisable tax returns).

(ff) “Unknown Claims” means any and all Released Claims that Lead Plaintiffs or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties. With respect to any and all Released Claims, the parties stipulate and agree that upon the Effective Date, Lead Plaintiffs shall expressly, and each Class Member shall be deemed to have, and by operation of the Order and Final Judgment

shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Lead Plaintiffs and Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims was separately bargained for and was a key element of the Settlement.

SCOPE AND EFFECT OF SETTLEMENT

2. The obligations incurred pursuant to this Settlement Stipulation shall be in full and final disposition of the Litigation as against Defendants and any and all Released Claims as against all Released Parties.

3. (a) Upon the Effective Date of this Settlement, Lead Plaintiff, Named Plaintiffs and each of the Class Members (including but not limited to any Class Member who is a party to any other action, arbitration or other proceeding who is asserting claims related to the Released Claims against any of the Defendants or any of the Released Parties that are pending on the day of Final Approval) on behalf of themselves, their heirs, joint tenants, tenants in common, beneficiaries, executors and administrators, successors, attorneys, insurers and assigns, and any person they represent, shall release and shall be deemed to have released, dismissed and forever discharged the Released Claims against each and all of the Released Parties, with prejudice and on the merits, without costs to any party. Further, Lead Plaintiff and all Class Members, on behalf of themselves, their current and former heirs, executors, administrators, successors,

attorneys, insurers and assigns, expressly covenant not to assert any claim or action against any of the Defendants, Carolina, or any of their agents, insurers, or their re-insurers, derivatively on behalf of NutraCea that (i) arises out of or relates to any of the allegations, transactions, facts, matters, events, acts, representations or omissions asserted, set forth, or referred to in the Complaint or otherwise alleged, asserted or contended in the Litigation or (ii) that could have been alleged, asserted or contended in any forum by the Class or any of the Class Members against any of the Released Parties which arises out of, relates to, or is based upon the allegations, transactions, facts, matters, events, acts, representations or omissions asserted, set forth, or referred to in the Complaint, and shall forever be enjoined from commencing, instituting or prosecuting any such claim. The foregoing is not a release by NutraCea, its bankruptcy estate or any successor in interest or reorganized entity of any claims or action it may have against Released Parties.

(b) Lead Plaintiff and all Class Members, whether or not any such person submits a Proof of Claim, or otherwise shares in the Settlement Fund, on behalf of themselves and each of their predecessors, successors, assigns, personal representatives, heirs and any other person who purports to claim through them, will be deemed by this Settlement to release and forever discharge the Released Parties from any and all of the Released Claims. As of the Effective Date, Lead Plaintiff and all Class Members and anyone claiming through or on behalf of any of them, are forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting against any of the Released Parties, and each of them, any of the Released Claims. Without limiting the foregoing, this

includes the filing of a proof of claim in the Bankruptcy Case on the assertion of any right to payment from NutraCea or its bankruptcy estate.

(c) Defendants, including any and all of their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under any of them, and each of them, will be deemed by this Settlement to release and forever discharge Lead Plaintiff, Named Plaintiffs and all Plaintiffs' counsel in the Litigation from any and all claims, known or unknown, arising out of or relating to their filing, prosecution or settlement of the Litigation, except for claims to enforce the Settlement. As of the Effective Date, Defendants are forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting against any such known or unknown Claims against Lead Plaintiff, Named Plaintiffs, Class Members or any Plaintiffs' Counsel.

(d) In accordance with Section 21D-4(f)(7)(A) of the Private Securities Litigation Reform Act of 1995, 15 U.S.C. see 78U-4(f)(7)(A), the Released Parties are discharged or released from all claims for contribution that have been or may be brought by or on behalf of any Persons relating to the Settlement of the Released Claims. As of the Effective Date, any and all Parties are forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or proceeding asserting such claim for contribution and the Released Persons are forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or proceeding asserting such claim for contribution.

4. Upon the Effective Date, the parties to the Injunction Action will file a stipulation of dismissal of that action with prejudice, with all parties to bear their own costs and expenses for that Action.

THE SETTLEMENT CONSIDERATION

5. In full and complete settlement of the Released Claims, Defendants have agreed to the Settlement Amount. Defendants shall cause Carolina to pay \$1.5 million on or before thirty (30) calendar days following the date of the entry of the Preliminary Order, into the Escrow Account established for the Settlement Fund by Lead Counsel for the benefit of the Class Members. Within 30 days following the resolution and discharge of all of Carolina's obligations to pay all Loss under the Policy from all Claims, Securities Claims, and notices of potential Claims submitted under the Policy, as those terms are defined in the Policy, Carolina shall pay fifty percent of the amount then remaining of the Policy limit, if any, into the Escrow Account; provided however Carolina shall not be obligated to pay fifty percent of the remainder of the Policy limit if the amount then remaining of the Policy limit is less than \$150,000. When Carolina has discharged its obligation to pay all Loss in connection with all Claims, Securities Claims, and notices of potential Claims submitted under the Policy, Carolina shall deliver a Loss Run indicating the Loss paid from the Policy, which is attached to a Declaration providing that the Loss Run is accurate and that no rebates have been made under the Policy. Carolina and Lead Plaintiff shall enter into a supplemental agreement more fully describing the rights and obligations governing payment of the remainder of the Policy to the Settlement Fund. In addition, NutraCea agrees, as consideration for the Settlement, to pay for the mailing of Notice of the Settlement, which may be included with another mailing in connection with the Bankruptcy Case, and to do so by _____, the date(s) prescribed by the Court.

6. The Settlement Fund, net of any Taxes and Tax Expenses, shall be used to pay 1) the notice and administration costs referred to in ¶ 6 hereof, 2) the attorneys' fee and expense award referred to in ¶¶ 12-15 hereof, and 3) the remaining administration expenses referred to in ¶¶ 9, 17 hereof. The balance of the Settlement Fund after the above payments shall be the "Net Settlement Fund," which shall be distributed to the Authorized Claimants as provided in ¶¶ 16-25 hereof. All costs and expenses incurred by or on behalf of the Lead Plaintiffs and the Class associated with the Settlement and approved by the Court shall be paid from the Settlement Fund and in no event shall any of the Released Parties, except as NutraCea described by paragraph 4 above, bear any further or additional responsibility for any such costs or expenses beyond payment of the Settlement Amount.

7. Within fifteen (15) business days after counsel for Carolina receives a copy of the Preliminary Order as entered by the District Court, the Escrow Agent shall be permitted to pay up to \$50,000 of the Settlement Fund to the Claims Administrator for reasonable out-of-pocket costs in connection with providing notice of the Settlement to the Class ("Notice") and for other reasonable out-of-pocket administrative expenses (the "Notice and Administration Fund") without further Court order.

8. Upon written agreement of the parties, or order of the District Court, additional amounts may be transferred from the Settlement Fund to the Notice and Administration Fund. The Escrow Agent shall not disburse funds from the Notice and Administration Fund except as provided in this Settlement Stipulation, or by an order of the District Court, or with the written agreement of counsel for all parties. All funds held by the Escrow Agent shall be deemed to be in the custody of the District Court and such funds shall remain subject to the jurisdiction of the District Court until such time as the funds shall be distributed or returned to Defendants or

Carolina pursuant to this Stipulation and/or further order of the District Court. The Escrow Agent shall hold the funds in an interest-bearing bank account insured by the FDIC and/or United States Agency or Treasury securities or obligations. Neither Defendants nor Carolina shall be liable for the loss of any portion of the Settlement Fund.

9. Upon the payment of the Settlement Fund or any portion thereof, the parties agree to treat the Settlement Fund as a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and the Claims Administrator shall be responsible for timely making such elections as are necessary or advisable to carry out the provisions of this paragraph, including but not limited to the relation-back election (as defined in Treasury Reg. § 1.468B-1) to the earliest permitted date. Such elections shall comply with the procedures and requirements contained in such Regulations. Additionally, it shall be the responsibility of the Claims Administrator to prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing(s) to occur. The Claims Administrator and Lead Counsel, as required, shall do all things that are necessary or advisable to carry out the provisions of this paragraph and Defendants shall reasonably cooperate with the Claims Administrator and Lead Counsel to carry out the provisions of this paragraph.

10. All Taxes (including any interest or penalties) arising with respect to the income earned by the Settlement Fund after the Settlement Amount is paid into a segregated account, including any Taxes or Tax detriments that may be imposed upon Defendants with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a "qualified settlement fund" (limited by the amount of simple interest earned on the Settlement Fund at the LIBOR and not any higher interest rate that Defendants may earn on the Settlement Fund) for Federal or state income tax purposes and all Tax Expenses shall be

Execution Copy

considered to be a cost of administration of the Settlement and shall be paid out of the Settlement Fund. The Released Parties shall not have any liability or responsibility for any such Taxes or Tax Expenses. The Settlement Fund shall indemnify and hold each of the Released Parties harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification) as well as any liability or obligation whatsoever relating to the administration of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculations of Claims, or any losses incurred in connection therewith. Lead Counsel, or their agents, shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund and the distributions and payments therefrom, including, without limitation, the tax returns described in Treas. Reg. § 1.468B-2(k), and to the extent applicable, Treas. Reg. § 1.468B-2(l). Such returns shall be consistent with the terms hereof and in all events shall reflect that all such Taxes, including any interest or penalties, on the income earned by the Settlement Fund shall be paid out of the Settlement Fund, subject to the limitations set forth in this paragraph. Lead Counsel, or their agents, shall also timely pay Taxes and Tax Expenses, subject to the limitations set forth in this paragraph, out of the Settlement Fund, and are authorized to withdraw, without prior order of the District Court, from the Settlement Fund amounts necessary to pay Taxes and Tax Expenses. The parties hereto agree to cooperate with the Claims Administrator, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Stipulation. The Released Parties shall have no responsibility or liability for the acts or omissions of Lead Counsel or their agents, as described herein.

11. This is not a claims-made settlement. As of the Effective Date, Defendants shall have no right to the return of the Settlement Fund or any portion thereof irrespective of the number of Claims filed, the collective amount of losses of Authorized Claimants, the percentage

of recovery of losses, or the amounts to be paid to Authorized Claimants from the Settlement Fund. Any undistributed money from the Settlement Fund that cannot be distributed cost effectively to a Class Member shall be donated to one or more non-sectarian, not-for-profit 501(c)(3) organization(s) designated by Carolina.

12. The finality of the Settlement shall not be conditioned on any ruling by the District Court concerning the Plan of Allocation or the award of attorneys' fees and expenses. Any order or proceeding relating to a request for approval of the Plan of Allocation, or the award of attorneys' fees and expenses or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate the Settlement or affect or delay the Effective Date or the effectiveness or finality of the Order and Final Judgment and the release of the Released Claims. There shall be no distribution of any of the Settlement Fund to any Class Member until the Plan of Allocation is finally approved and such order of approval is affirmed on appeal and/or is no longer subject to review by appeal or certiorari, and the time for any petition for rehearing, appeal, or review, by certiorari or otherwise, has expired.

ATTORNEYS' FEES AND EXPENSES

13. Lead Counsel will apply to the District Court for an award from the Settlement Fund of attorneys' fees plus reimbursement of actual expenses. Such amounts as are awarded by the District Court shall be payable from the Settlement Fund to Lead Counsel pursuant to ¶¶ 15,17. Lead Counsel shall allocate the attorneys' fees and expense awards amongst Plaintiffs' counsel in a manner in which Lead Counsel in good faith believes reflects the contributions of each such counsel to the prosecution and settlement of the action.

14. The Released Parties shall have no responsibility or liability for, and shall take no position with respect to, Lead Counsel's application for an award of attorneys fees or expenses,

or application for an award to Lead Plaintiff, or the allocation of any award of fees and expenses that the District Court may make in this action to Lead Counsel or Lead Plaintiff. In addition, Defendants shall take no position as to the proposed Plan of Allocation for the Settlement Fund.

15. The procedure for and amounts of any award of attorneys' fees and expenses or award to Lead Plaintiff, and the allowance or disallowance by the District Court thereof, shall not be a condition of the Settlement. Lead Counsel shall request that their application for an award of attorneys' fees and expenses and award to Lead Plaintiff be considered by the District Court separately from the District Court's consideration of the fairness and adequacy of the Settlement. Any order or proceedings relating to such request, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate the Settlement or affect or delay the Effective Date or the effectiveness or finality of the Order and Final Judgment and the release of the Released Claims. The finality of the Settlement shall not be conditioned on any ruling by the District Court concerning Lead Counsel's application for attorneys' fees and expenses.

16. Except as otherwise provided in this paragraph, the attorneys' fees and expenses awarded by the District Court shall be paid to Lead Counsel from the Settlement Fund within five (5) business days of the date the District Court enters an order awarding such fees and expenses. In the event that the Effective Date does not occur, or the Order and Final Judgment is reversed or modified in any way that affects the award of attorney fees and expenses, or the Settlement Stipulation is terminated for any other reason, then each counsel receiving fees or expenses under this provision shall, within ten (10) business days from receiving notice from Defendants' Counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund or

to Carolina, either the full amount of the fees and expenses previously received by it pursuant to these provisions or an amount consistent with any modification of the Order and Final Judgment with respect to the fee and expense award. Lead Counsel and any other Plaintiffs' counsel's law firm that receives fees and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to jurisdiction of the District Court for the purpose of enforcing the provisions of this paragraph, and each shall be jointly and severally liable for repayment of all attorneys' fees and expenses awarded by the District Court. Furthermore, without limitation, Lead Counsel and any other Plaintiffs' Counsel's law firm that receives fees and expenses, and each such firm's partners and/or shareholders, agree that the District Court may, upon application of the Defendants, summarily issue orders, including, without limitation, judgments and attachment orders and may make appropriate findings of or sanctions for contempt against that firm or any of its partners and/or shareholders should such law firm fail timely to repay fees and expenses pursuant to this paragraph.

**DISTRIBUTION TO AUTHORIZED CLAIMANTS
AND ADMINISTRATION OF SETTLEMENT**

17. Lead Counsel or the Claims Administrator, subject to the supervision, direction and approval of the District Court, shall administer and calculate the Claims submitted by Class Members, oversee distribution of the Settlement Fund and perform all claims administration procedures necessary or appropriate in connection therewith. The Released Parties, except NutraCea as provided in paragraph 4 above with respect to the inclusion of Notice in another bankruptcy mailing, shall have no liability, obligation or responsibility for the Class notice, administration or processing of claims or disbursement of the Net Settlement Fund, including without limitation, determinations as to the validity of any Proof of Claim, the amounts of

claims, distributions of the Settlement Fund, or any loss incurred by the Escrow Agent or the Claims Administrator and Defendants shall take no position in regard to such matters.

Defendants shall cooperate in the administration of the Settlement only to the extent reasonably necessary to effectuate its terms as requested by Lead Counsel.

18. The Settlement Amount and Fund shall be applied as follows:

(a) To pay all costs and expenses incurred in connection with providing notice to the Class, locating Class Members, soliciting claims, assisting with the filing of claims, administering and distributing the Settlement Fund to the Class Members, processing proofs of claim, processing requests for exclusion and costs;

(b) To pay Taxes and Tax Expenses owed by the Settlement Fund;

(c) Subject to the approval and further order(s) of the District Court, for payment of all attorneys' fees and expense reimbursement as may be awarded by the District Court to Lead Counsel, who may make payment therefrom to other Plaintiff's counsel as the former deems appropriate based upon the work done by such other Plaintiff's counsel and such other Plaintiff' counsel's relative contribution to the prosecution and settlement of the Actions;

(d) Subject to the approval and further order(s) of the District Court, and upon the Effective Date, to distribute the Net Settlement Fund (as defined in ¶ 5) to Authorized Claimants as provided herein and in the manner set forth in the notice attached hereto as Exhibit A-1 (which notice shall include a Plan of Allocation of the Net Settlement Fund), or as otherwise ordered by the District Court in order to participate in such distribution of the Net Settlement Fund.

19. For purposes of determining the extent, if any, to which a Class Member shall be entitled to be treated as an “Authorized Claimant,” the following conditions shall apply:

(a) Each Class Member seeking to participate in distributions from the Net Settlement Fund shall be required to timely submit to the Claims Administrator a separate signed Proof of Claim (in the form attached hereto as Exhibit A-2), supported by such documents as are designated therein, including proof of all purchases and sales of the NutraCea securities listed during the Class Period, the Claimant’s loss, or such other documents or proof as Lead Counsel, in their discretion, may deem acceptable;

(b) All Proofs of Claim must be submitted by the date specified in the Settlement Notice unless such period is extended by Order of the District Court. Any Class Member who fails to submit a Proof of Claim within such period shall be forever barred from receiving any payment pursuant to this Settlement Stipulation (unless, by Order of the District Court, a later submitted Proof of Claim by such Class Member is approved), but in all other respects shall be subject to and bound by the provisions of this Settlement Stipulation and the Settlement including the terms of the Order and Final Judgment to be entered in the Litigation and the releases of the Released Claims provided for herein, and will be barred from bringing any action or proceeding against any of the Released Parties concerning the Released Claims. Provided that it is received before the motion is made to distribute the Settlement proceeds to the Class, a Proof of Claim shall be deemed to have been submitted when postmarked, if received with a postmark indicated on the envelope and if mailed by first-class mail, postage prepaid, and addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator;

(c) Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine in accordance with

this Settlement Stipulation the extent, if any, to which each claim shall be allowed, subject to review by the District Court pursuant to subparagraph (e) below;

(d) Proofs of Claim that do not meet the submission requirements may be rejected. Prior to rejection of a Proof of Claim, the Claims Administrator shall communicate with the claimant in order to afford the claimant opportunity to remedy any curable deficiencies in the Proof of Claims submitted. The Claims Administrator shall notify, in a timely fashion and in writing, all claimants whose Proofs of Claim it proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the claimant whose claim is to be rejected has the right to a review by the District Court if the claimant so desires and complies with the requirements of subparagraph (e) below;

(e) If any claimant whose claim has been rejected in whole or in part desires to contest the rejection, the claimant must, within twenty (20) days after the date of mailing of the notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the District Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Counsel shall present the request for review to the District Court. If a claimant fails to serve upon the Claims Administrator the notice required in this paragraph, his, her or its Proof of Claim, to the extent rejected, will not be allowed; and

(f) The administrative determination of the Claims Administrator accepting and rejecting claims shall be presented for approval to the District Court, on notice to Defendants' Counsel.

20. Each claimant shall be deemed to have submitted to the jurisdiction of the District Court with respect to his, her or its claim, and the claim will be subject to investigation and

discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the claimant's status as a Class Member and the validity and amount of the claimant's claim. No discovery shall be allowed on the merits of the Litigation or Settlement in connection with processing of the Proofs of Claim.

21. No Class Member or Authorized Claimant shall have any claim against Lead Counsel, Lead Plaintiff, any other Plaintiff and Plaintiff's counsel in the Litigation, any of the Released Parties or their counsel, the Claims Administrator or any employees or agents of any of the foregoing, based on the distributions made substantially in accordance with this Settlement Stipulation or as otherwise approved or directed by the District Court. Payment pursuant to this Settlement Stipulation shall be deemed final and conclusive against all Class Members. All Class Members whose claims are not approved by the District Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be subject to and bound by the provisions of this Settlement Stipulation and the Settlement, including the terms of the Order and Final Judgment to be entered in the Litigation and the releases provided for herein, and will be barred from bringing any action against any of the Released Parties concerning the Released Claims.

22. All proceedings with respect to the administration, processing and determination of claims described by ¶ 18 of this Settlement Stipulation and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the jurisdiction of the District Court.

23. The Net Settlement Fund shall be distributed to Authorized Claimants by the Claims Administrator only after the Effective Date and after: (i) all timely Proofs of Claim have been processed and all claimants whose claims have been rejected or disallowed, in whole or in

part, have been notified and provided the opportunity to be heard concerning such rejection or disallowance; (ii) all objections with respect to all rejected or disallowed claims have been resolved by the District Court, and all appeals therefrom have been resolved or the time therefor has expired; (iii) all matters with respect to attorneys' fees, costs and disbursements have been resolved by the District Court, all appeals therefrom have been resolved or the time therefor has expired; and (iv) all costs of administration have been paid.

24. In the interests of achieving substantial justice, Lead Counsel shall have the right, but not the obligation, to advise the Claims Administrator to waive what they deem to be formal or technical defects in any submitted Proofs of Claim.

25. Following distribution of the Net Settlement Fund, the Claims Administrator shall maintain the completed Proofs of Claim on file for three years after the Effective Date.

26. Each Member of the Class certified for purposes of settlement only shall be bound by all determinations and judgments in the Litigation concerning the Settlement unless such person shall mail, by first class mail, a written request for exclusion from the Class. In order to be valid, a Request for Exclusion must state: (1) the name and address of the person requesting exclusion; (2) written evidence of the person's purchases and sales of NutraCea securities made during the Class Period, including the dates, the number of shares, and prices paid or received per share for each such purchase or sale; and (3) that the person wishes to be excluded from the Class. Such Person should also state his telephone number. All persons who submit valid and timely Requests for Exclusion in the manner set forth in this paragraph shall have no rights under this Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation of Settlement or the Judgment.

**TERMS OF PRELIMINARY ORDER IN
CONNECTION WITH SETTLEMENT PROCEEDINGS**

27. Promptly after execution of this Settlement Stipulation, Lead Counsel and Defendants' Counsel shall submit the Settlement Stipulation together with its Exhibits to the District Court and shall jointly apply for entry of a Preliminary Order in connection with settlement proceedings substantially in the form annexed hereto as Exhibit A, providing for, among other things, preliminary approval of the Settlement and notice to the Class of the Settlement Hearing. The Preliminary Order (Exhibit A) to be submitted to the Court shall contain exhibits substantially in the form set forth in (i) the Notice of Pendency and Settlement of Class Action (the "Settlement Notice") (Exhibit A-1 to Preliminary Order); (ii) the Proof of Claim and Release (Exhibit A-2 to Preliminary Order); and (iii) the Summary Notice of Proposed Class Action Settlement and Hearing Thereon ("Publication Notice") (Exhibit A-3 to the Preliminary Order). Promptly following approval of the Preliminary Order by the District court, and in conjunction with the mailing of the Preliminary Notice, Bankruptcy Counsel to NutraCea shall file a motion pursuant to Rule 9019, Federal Rules of Bankruptcy Procedure, for approval of the Settlement by the Bankruptcy Court. Defendants and Carolina are not liable or responsible for the method of, or representations made in, the Settlement Notice or Publication Notice.

TERMS OF ORDER AND FINAL JUDGMENT

28. If the Settlement contemplated by this Settlement Stipulation is approved by the District Court, Lead Counsel and Defendants' counsel shall jointly request that the District Court enter an Order and Final Judgment substantially in the form annexed hereto as Exhibit B. The Settlement is expressly conditioned upon, among other things, the entry of an Order and Final Judgment substantially in the form annexed hereto as Exhibit B.

SUPPLEMENTAL AGREEMENT

29. Simultaneously herewith, Lead Counsel and Defendants are executing a “Supplemental Agreement” setting forth certain conditions under which this Settlement Stipulation may be withdrawn or terminated at the discretion of Defendants if potential Class Members who purchased in excess of a certain number of damaged shares of NutraCea securities exclude themselves from the Class. The Supplemental Agreement shall not be filed with the District Court except that the substantive contents of the Supplemental Agreement may be brought to the attention of the District Court, *under seal*, if so requested by the District Court, or if a dispute arises among the Parties concerning the Supplemental Agreement’s interpretation or application. The Parties will keep the terms of the Supplemental Agreement confidential, except if compelled by judicial process to disclose the Supplemental Agreement. In the event the Settlement and this Settlement Stipulation are terminated, the provisions of ¶¶ 6-9, 31, 32, 33, 36, 37, 38 and 48 shall survive termination.

EFFECTIVE DATE OF SETTLEMENT, WAIVER OR TERMINATION

30. The Effective Date of Settlement shall be the latest date when all the following shall have occurred:

- (a) entry of the Preliminary Order;
- (b) approval by the District Court of the Settlement and certification of the Class following notice to the Class and a hearing in accordance with Rule 23 of the Federal Rules of Civil Procedure;
- (c) expiration of any time for appeal or review of the District Court’s entry of the Order and Final Judgment, or, if any appeal is filed and not dismissed, after the Order and Final Judgment is upheld on appeal in all material respects and is no longer subject to review

upon appeal or review by certiorari or otherwise, and the time for any petition for reargument, appeal or review, by certiorari or otherwise, has expired, or, in the event that the District Court enters an order and final judgment in form other than that provided above (“Alternative Judgment”) and none of the parties hereto elect to terminate this Settlement, the date that such Alternative Judgment becomes final and no longer subject to appeal or review by certiorari or otherwise, and the time for any petition for reargument, appeal or review, by certiorari or otherwise, has expired; and

(d) approval by the Bankruptcy Court of this Settlement pursuant to Rule 9019, Federal Rules of Bankruptcy Procedure, and the expiration of any time for appeal or review of such order, or, if any appeal is filed and not dismissed, after such order is upheld on appeal in all material respects and is no longer subject to review upon appeal or review by certiorari or otherwise, and the time for any petition for reargument, appeal or review, by certiorari or otherwise, has expired; and

(e) Carolina, on behalf of the Defendants shall have paid \$1.5 million of the Settlement Amount, as set forth in ¶ 5 above.

31. Defendants’ Counsel or Lead Counsel shall have the right to terminate the Settlement and this Settlement Stipulation by providing written notice of their election to do so (“Termination Notice”) to the other within thirty (30) days of the date on which: 1) the District Court declines to enter the Preliminary Order; 2) the Bankruptcy Court refuses to approve this Settlement Stipulation or any material part of it; 3) the District Court refuses to approve this Settlement Stipulation or any material part of it, provided, however, that the allowance or disallowance by the Court of any application for an award of attorneys’ fees and expenses shall not be material; 4) the District Court declines to enter the Order and Final Judgment; 5) the

Order and Final Judgment is vacated, modified or reversed in any material respect by the United States Court of Appeals for the Ninth Circuit or the United States Supreme Court; 6) an Alternative Judgment is vacated, modified or reversed in any material respect by the United States Court of Appeals for the Ninth Circuit or the United States Supreme Court; or 7) the Effective Date of Settlement otherwise does not occur, except that if such Effective Date does not occur as a result of Carolina failing to pay the first \$1.5 million of the Settlement Amount as required by paragraph 4 above, Defendants may not terminate the Settlement or the Settlement Stipulation based on Carolina's non-payment. If Carolina fails to pay the \$1.5 million of the Settlement Amount, then Defendants agree to take all reasonable and necessary steps (including litigation, if necessary) to enforce Carolina's promise to pay its agreed \$1.5 million portion of the Settlement Amount as set forth in this Settlement Stipulation. If Carolina fails to pay the Settlement Amount, then Lead Plaintiffs may move to enforce the Settlement and Settlement Stipulation against Carolina and seek a judgment against Carolina. Neither a modification nor a reversal on appeal of any award of fees, costs and expenses by the Court to Lead Counsel (or any Plaintiff's counsel) shall be deemed a material modification of the Order and Final Judgment or this Stipulation. Defendants may also terminate the Settlement and this Settlement Stipulation pursuant to ¶ 28. The foregoing list is not intended to limit or impair the parties' rights under the law of contracts of the State of Arizona with respect to any breach of this Settlement Stipulation. In the event the Settlement and this Settlement Stipulation are terminated, the provisions of ¶¶ 6-9, 31, 32, 33, 36, 37, 38 and 48 shall survive termination.

32. In the event the Settlement and this Settlement Stipulation are terminated or if the Effective Date fails to occur for any reason, the parties to this Settlement Stipulation shall be deemed to have reverted *nunc pro tunc* to their respective status in the Litigation as of the date and time immediately prior to the execution of this Settlement Stipulation and, except as

otherwise expressly provided, the parties shall proceed in all respects as if this Settlement Stipulation and any related orders had not been entered and without any prejudice in any way from the negotiation, fact or terms of this Settlement.

33. In the event this Settlement Stipulation is terminated or if the Effective Date fails to occur for any reason, then within ten (10) business days after written notice is sent by Lead Counsel or Defendants' Counsel, the balance of the Settlement Fund, less any expenses for Notice or administration of the Settlement Fund paid or incurred but not yet paid, shall be refunded to Carolina, including interest accrued thereon. In such event, the parties to this Settlement Stipulation shall be deemed to have reverted *nunc pro tunc* to their respective status as of the date and time immediately before the execution of this Settlement Stipulation and, except as otherwise expressly provided, they shall proceed in all respects as if this Settlement Stipulation and related orders had not been entered and without prejudice in any way from the negotiation, fact or terms of this Settlement. In the event the Settlement and this Settlement Stipulation are terminated, the provisions of ¶¶ 6-9, 31, 32, 33, 36, 37, 38 and 48 shall survive termination.

NO ADMISSION OF WRONGDOING

34. This Settlement Stipulation, whether or not consummated, and any proceedings taken pursuant to it:

(a) shall not be offered or received against any Defendant, any other Released Party, Lead Plaintiffs or the Class as evidence of, or be deemed to be evidence of, any presumption, concession or admission by any of the Defendants or any of the other Released Parties or by any of the Lead Plaintiffs or the Class with respect to the truth of any fact alleged by Lead Plaintiffs or the validity, or lack thereof, of any claim that had been or could have been

asserted in the Litigation or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Litigation or in any litigation, or of any liability, negligence, fault or wrongdoing of Defendants or other Released Parties;

(b) shall not be offered or received against any of the Released Parties as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Released Party, or against Lead Plaintiff or the Class as evidence of any infirmity in the claims of Lead Plaintiff and the Class;

(c) shall not be offered or received against any of the Released Parties, Lead Plaintiffs or the Class as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to this Settlement Stipulation, in any arbitration proceeding or other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Settlement Stipulation; provided, however, that if this Settlement Stipulation is approved by the District Court, the Released Parties may refer to it to effectuate the liability protection granted them hereunder;

(d) shall not be construed against any of the Released Parties, Lead Plaintiff or the Class as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

(e) shall not be construed as or received in evidence as an admission, concession or presumption against Lead Plaintiff or the Class or any of them that any of their claims are without merit or that damages recoverable under the Securities Complaint would not have exceeded the Settlement Fund.

35. This Settlement Stipulation and the Settlement may be pleaded as a full and complete defense to any action, suit or other proceeding that may be instituted, prosecuted or attempted with respect to any of the Released Claims. The Released Parties may offer the Settlement Stipulation or Order and Final Judgment from the Litigation in any other action that may be brought against them by any Class Member or other Released Party in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any similar defense or counterclaim. The Class Members and Defendants agree that any such proceeding would cause irreparable injury to the party against whom it is brought and that the District Court or any court of competent jurisdiction may enter an injunction restraining the prosecution of such proceeding.

NOTICE AND ADMINISTRATION FUND

36. The Notice and Administration Fund shall be used by Lead Counsel or the Escrow Agent to pay the costs of notifying the Class, soliciting the filing of claims by Class Members, assisting them in making their claims, and otherwise administering the Settlement on behalf of the Class.

37. As of the Effective Date, any balance, including interest, then remaining in the Notice and Administration Fund, less expenses incurred but not yet paid, shall be returned to the Settlement Fund. Thereafter, Lead Counsel shall have the right to use such portions of the Settlement Fund as are, in their exercise of reasonable judgment, necessary to carry out the purposes set forth in ¶ 17 above. Lead Counsel will establish an Escrow Account into which the Notice and Administration Fund will be deposited. At Defendants' request, such counsel shall provide Defendants with appropriate documentation of all out-of-pocket costs incurred in connection with providing Notice to the Class and for other administrative expenses.

38. If the Effective Date does not occur, the balance of the Notice and Administration Fund that has not been expended, including all interest accrued thereon, shall be returned to Carolina.

MISCELLANEOUS PROVISIONS

39. All of the Exhibits attached hereto are hereby incorporated by reference as though fully set forth herein. Notwithstanding the foregoing, in the event that there exists a conflict or inconsistency between the terms of this Settlement Stipulation and the terms of any exhibit hereto, the terms of this Settlement Stipulation shall prevail.

40. This Settlement Stipulation may not be modified or amended, nor may any of its provisions be waived except by a writing signed by all Parties hereto and Carolina or their successors-in-interest.

41. Neither the Settlement Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Settlement Stipulation or the Settlement: (i) is or may be deemed to be or may be used as an admission or evidence of the validity of any Released Claim or of any wrongdoing or liability of any of the Released Parties; or (ii) is or may be deemed to be or may be used as an admission or evidence of any fault or omission of any of the Released Parties in any civil, criminal or administrative proceeding in any court, any arbitration proceeding or any administrative agency or other tribunal, other than in such proceedings as may be necessary to consummate or enforce the Settlement Stipulation, the Settlement or the Order and Final Judgment.

42. The parties to this Settlement Stipulation intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by the Class Members against any of the Released Parties with respect to the Released Claims. Accordingly, Lead

Plaintiffs and Defendants agree not to assert any claim under Rule 11 of the Federal Rules of Civil Procedure or any similar law, rule or regulation, that the Litigation was brought or defended in bad faith or without a reasonable basis and further agree not to make any public statements that contradict such position. The parties to this Settlement Stipulation agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length in good faith by the parties, and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with experienced legal counsel.

43. The waiver by one Party of any breach of this Settlement Stipulation by any other Party shall not be deemed a waiver of any other prior or subsequent breach of this Settlement Stipulation.

44. This Settlement Stipulation, its exhibits and the Supplemental Agreement constitute the entire agreement among these parties, and no representations, warranties or inducements have been made to any party concerning this Settlement Stipulation, its exhibits or the Supplemental Agreement, other than the representations, warranties and covenants contained and memorialized in such documents.

45. This Settlement Stipulation may be executed in one or more counterparts, including by signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via e-mail. All executed counterparts and each of them shall be deemed to be one and the same instrument.

46. The parties hereto and their respective counsel of record agree that they will use their best efforts to obtain all necessary approvals of the District Court and the Bankruptcy Court required by this Settlement Stipulation.

47. Each counsel signing this Settlement Stipulation represents that such counsel has authority to sign this Settlement Stipulation on behalf of each of their respective clients.

48. This Settlement Stipulation shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto, including any and all Released Parties and any corporation, partnership, or other entity into or with which any Party hereto may merge, consolidate or reorganize. No assignment shall relieve any Party hereto of obligations hereunder.

49. Notices required by this Settlement Stipulation shall be submitted either by any form of overnight mail or in person to:

Laurence M. Rosen
Phillip Kim
THE ROSEN LAW FIRM, P.A.
350 Fifth Avenue, Suite 5508
Tel: 212.686.1060
Fax: 212.202-3827

Lead Plaintiff's Counsel in the Litigation

Sara B. Brody
Sidley Austin LLP
555 California Street
San Francisco, CA 94104
Tel. 415-772-1200
Fax: 415-772-7400

Counsel for Defendants NutraCea, Inc. and David Bensol

James D. Burgess
Fennemore Craig, P.C.
3003 North Central Avenue Suite 2600
Phoenix, AZ 85012-2913
Tel. (602) 916-5000
Fax: (602) 916-5564

Counsel for Defendant Bradley D. Edson

Pamela L. Johnston

Foley & Lardner LLP
555 South Flower Street Suite 3500
Los Angeles, CA 90071-2411
Tel. 213-972-4500
Fax: (213) 486-0065

Counsel for Defendant Todd C. Crow

Notice shall be deemed effective upon receipt.

49. The administration, consummation and enforcement of the Settlement as embodied in this Settlement Stipulation shall be under the authority of the District Court, and the Parties intend that the District Court retain jurisdiction for the purpose of entering orders, providing for awards of attorneys' fees and expenses to Lead Counsel, and enforcing the terms of this Settlement Stipulation and the Settlement.

50. The construction, interpretation, operation, effect and validity of this Settlement Stipulation, and all documents necessary to effectuate it, shall be governed by the internal laws of the State of Arizona without regard to conflicts of laws, except to the extent that federal law requires that federal law governs.

51. This Settlement Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations between the Parties and all Parties have contributed substantially and materially to the preparation of this Settlement Stipulation.

Respectfully submitted,



Laurence M. Rosen
Phillip Kim
THE ROSEN LAW FIRM, P.A.

350 Fifth Avenue, Suite 5508
Phone: 212.686.1060
Fax: 212.202-3827



TIFFANY & BOSCO, P.A.
Richard G. Himelrick (#004738)
J. James Christian (#023614)
Third Floor Camelback Esplanade II
2525 East Camelback Road
Phoenix, Arizona 85016-4237
Telephone: (602) 255-6000
Fax: (602) 255-0103

Counsel for Lead Plaintiffs

Sara B. Brody
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555 California Street
San Francisco, CA 94104
Tel. 415-772-1200
Fax: 415-772-7400

**Counsel for Defendants NutraCea, Inc. and
David Bensol**

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3003 North Central Avenue Suite 2600
Phoenix, AZ 85012-2913
Tel. (602) 916-5000
Fax: (602) 916-5564

Counsel for Defendant Bradley D. Edson

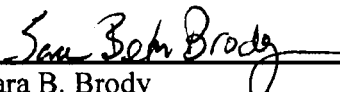
Pamela L. Johnston
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555 South Flower Street Suite 3500
Los Angeles, CA 90071-2411
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Execution Copy

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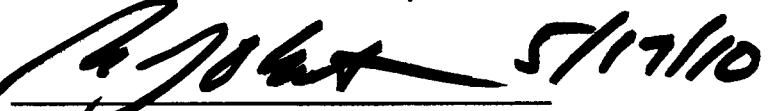
Counsel for Lead Plaintiffs


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555 California Street
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**Counsel for Defendants NutraCea, Inc. and
David Bensol**

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Counsel for Defendant Bradley D. Edson


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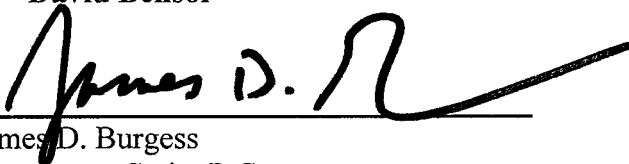
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Counsel for Lead Plaintiffs

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**Counsel for Defendants NutraCea, Inc. and
David Bensol**


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3003 North Central Avenue Suite 2600
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Tel. (602) 916-5000
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Counsel for Defendant Bradley D. Edson

Pamela L. Johnston
Foley & Lardner LLP
555 South Flower Street Suite 3500
Los Angeles, CA 90071-2411
Tel. 213-972-4500

Execution Copy

Fax: (213) 486-0065

Counsel for Defendant Todd C. Crow

Carolina Casualty Insurance Company

By: _____

Title: *AVP*

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

JENNIFER BURRITT, INDIVIDUALLY	)	No. CV-09-00406-PHX-FJM
AND ON BEHALF OF ALL OTHERS	)	(Consolidated)
SIMILARLY SITUATED,)	
)	
Plaintiff,	)	<u>EXHIBIT A</u>
)	
vs.)	
)	
NUTRACEA, BRADLEY)	
D. EDSON, TODD C. CROW,)	
AND DAVID BENSOL,)	
Defendants.)	

**[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT AND
PROVIDING FOR NOTICE**

WHEREAS, effective April ____, 2010, Lead Counsel on behalf of Lead Plaintiff Harvey Pensack, named Plaintiffs Jennifer Burritt and Jose Medrano and the Class, and Defendants *NutraCea*, Inc. (“*NutraCea*” or the “Company”), Bradley D. Edson and Todd C. Crow and David Bensol (“Defendants”) have entered into a settlement of the claims asserted in the Litigation, the terms of which are set forth in a Stipulation and Agreement of Settlement, dated as of May ____, 2010 (the “Settlement Stipulation”), which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits thereto, sets forth the terms and conditions for the proposed settlement of the claims alleged in the Complaint filed in the Litigation on the merits and with prejudice, upon the terms and conditions set forth in the Settlement Stipulation; and the District Court having read and considered the Settlement Stipulation, the proposed Notice of Pendency and Proposed Settlement of Class Action, the proposed Summary Notice of Proposed Class Action Settlement and Hearing Thereon, the proposed Plan of Allocation of Net Settlement Fund Among Class Members, the proposed form

of the Proof of Claim and Release, the proposed form of Order and Final Judgment relating to the Settlement and submissions made relating thereto, and finding that substantial and sufficient grounds exist for entering this Order; and capitalized terms used herein having the meanings defined in the Settlement Stipulation;

NOW, THEREFORE, IT IS HEREBY ORDERED, this ____ day of _____, 2010, that:

1. Pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure and for the purposes of the Settlement only, the Litigation is hereby preliminarily certified as a class action on behalf of all persons who purchased the common stock of *NutraCea* during the period from April 2, 2007 through February 23, 2009, inclusive. Excluded from the Class are the Defendants, any members of Defendants' immediate families, any entity in which any Defendant has a controlling interest, directors and officers of *NutraCea*, and the affiliates, legal representatives, heirs, predecessors, successors and assigns of any such excluded party. Also excluded from the Class are any putative Class Members who exclude themselves by filing a timely, valid request for exclusion.

2. The District Court finds, preliminarily and for purposes of Settlement only, that the prerequisites for a class action under Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the number of Class Members is so numerous that joinder of all members of the Class is impracticable; (b) there are questions of law and fact common to each of the Class; (c) the claims of the Lead Plaintiff are typical of the claims of the Class he seeks to represent; (d) the Lead Plaintiff will fairly and adequately represent the interests of the Class; (e) the questions of law and fact common to the members of the Class predominate over any questions affecting only individual members of the Class; and (f) a class

action is superior to other available methods for the fair and efficient adjudication of the controversy.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, preliminarily and for the purposes of Settlement only, Lead Plaintiff is certified as the class representative on behalf of the Class and the Lead Counsel and Liaison Counsel previously selected by Lead Plaintiff and appointed by the District Court is hereby appointed as Lead Counsel and Liaison Counsel respectively for the Class.

4. A hearing (the "Settlement Hearing") pursuant to Federal Rule of Civil Procedure 23(e) is hereby scheduled to be held before the District Court on _____ at _____ .m. for the following purposes:

- (a) to finally determine whether the Litigation satisfies the applicable prerequisites for class action treatment under Federal Rules of Civil Procedure 23(a) and (b);
- (b) to determine whether the Settlement is fair, reasonable, and adequate, and should be approved by the District Court;
- (c) to determine whether the Order and Final Judgment as provided under the Settlement Stipulation should be entered, dismissing the Complaint, on the merits and with prejudice, and to determine whether the release by the Class of the Released Parties, as set forth in the Settlement Stipulation, should be ordered;
- (d) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved by the District Court;
- (e) to consider the application of Lead Counsel for an award of attorneys' fees and expenses; and
- (f) to rule upon such other matters as the District Court may deem

appropriate.

5. The District Court reserves the right to approve the Settlement with or without modification and with or without further notice of any kind. The District Court further reserves the right to enter its Order and Final Judgment approving the Settlement Stipulation and dismissing the Complaint, on the merits and with prejudice, regardless of whether it has approved the Plan of Allocation or awarded attorneys' fees and expenses.

6. The District Court approves the form, substance and requirements of (a) the Notice of Pendency and Proposed Settlement of Class Action (the "Notice"), and (b) the Proof of Claim and Release form (the "Proof of Claim"), both of which are annexed hereto as Exhibits 1 and 2 respectively.

7. Lead Counsel has the authority to enter into the Settlement Stipulation on behalf of the Class and is authorized to act on behalf of the members of the Class with respect to all acts or consents required by or that may be given pursuant to the Settlement of Stipulation or such other acts that are reasonably necessary to consummate the Settlement.

8. Lead Counsel shall cause the Notice and the Proof of Claim, substantially in the forms annexed hereto, to be mailed, by first class mail, postage prepaid, within 21 calendar days of the entry of this Order, to all Class Members who can be identified with reasonable effort by Lead Counsel.

9. Lead Counsel are authorized to establish a Notice and Administration Fund (as defined in the Settlement Stipulation) of \$50,000 to be used for reasonable out-of-pocket costs in connection with providing notice of the Settlement to the Class and for other reasonable out-of-pocket administrative expenses. Upon written agreement of the parties, or order of the District Court, additional amounts may be transferred from the Settlement Fund to the Notice and

Administration Fund.

10. Any and all issuers, securities firms or transfer agents holding transfer records for NutraCea securities are hereby ordered to produce such transfer records in a usable electronic format to Lead Counsel or their designated agent within 14 calendar days of receipt of a copy of this Order.

11. Lead Counsel or their designated agent shall also make reasonable efforts to give notice to nominee owners such as brokerage firms and other persons or entities who purchased NutraCea securities during the Class Period. Such nominee purchasers are directed to forward copies of the Notice and Proof of Claim to their beneficial owners or to provide the Claims Administrator with lists of the names and addresses of the beneficial owners and the Claims Administrator is ordered to send the Notice and Proof of Claim promptly to such beneficial owners. Additional copies of the Notice shall be made available to any record holder requesting same for the purpose of distribution to beneficial owners, and such record holders shall be reimbursed from the Settlement Fund, upon receipt by the Claims Administrator of proper documentation, for the reasonable expense of sending the Notices and Proof of Claim to beneficial owners. Lead Counsel shall, at or before the Settlement Hearing, serve upon Defendants' Counsel, and file with the District Court, proof of mailing of the Notice and Proof of Claim.

12. The District Court approves the form of the Summary Notice of Proposed Class Action Settlement and Hearing Thereon (the "Publication Notice") in substantially the form and content annexed hereto as Exhibit 3 and directs that Lead Counsel shall cause the Publication Notice to be published in *Investor's Business Daily* and published electronically on the *PR Newswire* within 14 calendar days of the mailing of the Notice. Lead Counsel shall, at or before

the Settlement Hearing, serve upon Defendants' Counsel and file with the District Court proof of publication of the Publication Notice.

13. The form and method set forth herein of notifying the Class of the Settlement and its terms and conditions meet the requirements of due process and Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Exchange Act, 15 U.S.C. 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995, constitutes the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all persons and entities entitled thereto. Under no circumstances shall any Class Member be relieved from the terms of the Settlement, including the releases provided for therein, based upon the contention or proof that such Class Member failed to receive actual or adequate notice.

14. In order to be entitled to participate in the Net Settlement Fund, as defined in the Settlement Stipulation, in the event the Settlement is effected in accordance with all of the terms and conditions thereof, each Class Member shall take the following action and be subject to the following conditions:

(a) A properly executed Proof of Claim (the "Proof of Claim"), substantially in the form attached hereto as Exhibit 2, must be submitted to the Claims Administrator, at the Post Office Box indicated in the Notice, postmarked not later than _____. Such deadline may be further extended by Order of the District Court. Each Proof of Claim shall be deemed to have been submitted when postmarked (if properly addressed and mailed by first-class mail) provided such Proof of Claim is actually received before the filing of a motion for an Order of the District Court approving distribution of the Net Settlement Fund. Any Proof of Claim submitted in any other manner shall be deemed to have been submitted when it was actually received at the address designated in the Notice.

(b) The Proof of Claim submitted by each Class Member must satisfy the following conditions: (i) it must be properly filled out, signed and submitted in a timely manner in accordance with the provisions of the preceding subparagraph; (ii) it must be accompanied by adequate supporting documentation for the transaction reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by Lead Counsel; (iii) if the person executing the Proof of Claim is acting in a representative capacity, a certification of his current authority to act on behalf of the Class Member must be included in the Proof of Claim; and (iv) the Proof of Claim must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

(c) Once the Claims Administrator has considered a timely submitted Proof of Claim, Lead Counsel, through the Claims Administrator, shall determine, based upon the Plan of Allocation of Net Settlement Fund, whether such claim is valid, deficient or rejected. For each claim determined to be either deficient or rejected, the Claims Administrator shall send a deficiency letter or rejection letter as appropriate, describing the basis on which the claim was so determined.

(d) As part of the Proof of Claim, each Class Member shall submit to the jurisdiction of the District Court with respect to the claim submitted.

15. Class Members shall be bound by all determinations and judgments in the Litigation, whether favorable or unfavorable, unless such persons request exclusion from the Class in a timely and proper manner, as hereinafter provided. A Class Member wishing to make such request shall mail the request in written form, by first class mail, postage prepaid, and

postmarked no later than twenty-one (21) calendar days prior to the Settlement Hearing or _____2010, to the Post Office Box address listed in the Notice. Such request for exclusion shall clearly indicate the name and address of the person seeking exclusion, that the sender specifically requests to be excluded from the Class (as defined in the Settlement Stipulation), and that it must be signed by such person. Such persons requesting exclusion are also required to specify all purchases of the relevant NutraCea securities during the Class Period, including the number and price of the shares purchased, the number and price of shares sold during the Class Period, and the date of each such purchase or sale. It is also requested that such persons provide their telephone number or other contact information. The request for exclusion shall not be effective unless the request for exclusion provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the District Court.

16. Class Members requesting exclusion from the Class shall not be entitled to receive any payment out of the Net Settlement Fund as described in the Settlement Stipulation and Notice.

17. The District Court will consider comments and/or objections to the Settlement, the Plan of Allocation, or the award of attorneys' fees and reimbursement of expenses only if such comments or objections and any supporting papers are served at least twenty-one (21) calendar days prior to the Settlement Hearing or before _____, upon each of the following:

Phillip Kim
THE ROSEN LAW FIRM, P.A.
350 Fifth Avenue, Suite 5508
New York, NY 10118
Tel: (212) 686-1060
Fax: (212) 202-3827

Lead Plaintiff's Counsel in the Litigation

Sara B. Brody
SIDLEY AUSTIN LLP
555 California Street
San Francisco, CA 94104
Tel: (415) 772-1200
Fax: (415) 772-7400

Counsel for Defendant NutraCea

and the objector has filed said objections, papers and briefs, showing due proof of service upon counsel identified above, with the Clerk of the Court, U.S. District Court, District of Arizona, Sandra Day O'Connor U.S. Courthouse, 401 W. Washington Street, Suite 130, SPC 1, Phoenix, AZ 85003-2118. Attendance at the Settlement Hearing is not necessary. Persons wishing to be heard orally at the Settlement Hearing in opposition to the approval of the Settlement, the Plan of Allocation, and/or Lead Counsel's request for attorneys' fees are required to indicate in their written objection their intention to appear at the hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's application for award of attorneys' fees and expenses and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

18. Any Class Member who does not object in the manner prescribed above shall be deemed to have waived all such objections and shall forever be foreclosed from making any objection to the fairness, adequacy or reasonableness of the Settlement, the Order and Final Judgment to be entered approving the Settlement, the Plan of Allocation, or Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses.

19. The District Court reserves the right to adjourn the Settlement Hearing or any

adjournment thereof without any further notice other than an announcement at the Settlement Hearing or any adjournment thereof, and to approve the Settlement without further notice to the Class.

20. All papers in support of the Settlement, the Plan of Allocation and any application for attorneys' fees or expenses shall be filed and served 10 calendar days before the Settlement Hearing.

21. Pending final determination of whether the Settlement should be approved, all Class Members, and each of them, and anyone who acts or purports to act on their behalf shall not institute, commence or prosecute any action which asserts Released Claims against any of the Released Parties.

22. In the event that the Settlement shall not be consummated pursuant to its terms, the Settlement Stipulation, except as otherwise provided therein, including any amendment(s) thereto, and this Order Preliminarily Approving Settlement and Providing For Notice, shall be null and void, of no further force or effect, and without prejudice to any party, and may not be introduced as evidence or referred to in any action or proceedings by any person or entity, and each party shall be restored to his, her or its respective position as it existed before the execution of the Settlement Stipulation.

23. The District Court retains exclusive jurisdiction over the action to consider all further matters arising out of, or connected with, the Settlement.

Dated: _____, 2010

Hon. Frederick J. Martone
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

JENNIFER BURRITT, INDIVIDUALLY	)	No. CV-09-00406-PHX-FJM
AND ON BEHALF OF ALL OTHERS	)	(Consolidated)
SIMILARLY SITUATED,)	
)	
Plaintiff,	)	<u>EXHIBIT A-1</u>
)	
vs.)	
)	
NUTRACEA, BRADLEY)	
D. EDSON, TODD C. CROW,)	
AND DAVID BENSOL,)	
Defendants.)	

**NOTICE OF PENDENCY AND
SETTLEMENT OF CLASS ACTION**

If you purchased or otherwise acquired the common stock (“Stock”) of NutraCea, Inc. (“NutraCea” or the “Company”) during the period from April 2, 2007 through and including February 23, 2009 you could get a payment from a class action settlement (the “Settlement”).

Under law, a federal court has authorized this notice.

- If approved by the Court, the Settlement will create a Settlement Fund comprised of \$1,500,000, and fifty percent (50%) of any funds remaining in the insurance policy issued by Defendants’ directors and officers liability insurer, Carolina Casualty Insurance Company (“Carolina”), to the Company and its officers and directors (the “Insurance Policy” or “Policy”) after payment of all valid claims under the 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, plus interest (the “Settlement Amount”), to pay claims of investors who purchased NutraCea Stock during the period from April 2, 2007 through and including February 23, 2009 (the “Class Period”).
- The Settlement represents an average recovery of \$0.008 per share of NutraCea Stock for the 193 million shares outstanding *and* available for purchase during the Class Period. This estimate solely reflects average recovery per outstanding share of NutraCea Stock. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Class Members, the date(s) you purchased and sold NutraCea Stock and the total number of claims filed.

- Attorneys for the Lead Plaintiff (“Class Counsel”) intend to ask the Court to award them fees of up to one-quarter of the Settlement Amount, reimbursement of litigation expenses not to exceed \$150,000 and awards to Lead Plaintiff not to exceed \$2,500. Collectively, the attorneys’ fees and expenses are estimated to average \$0.003 per share of NutraCea Stock. If approved by the Court, these amounts will be paid from the Settlement Fund.
- The approximate recovery, after deduction of attorneys’ fees and expenses approved by the Court, is an average of \$0.005 per share of NutraCea Stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price and sales price and the number of Proof of Claim forms filed.
- The Settlement resolves the lawsuit concerning whether Defendants violated the federal and Arizona securities laws by signing, certifying and filing financial statements with the Securities and Exchange Commission (“SEC”) that were false and misleading due to alleged accounting manipulations, including recording revenue in violation of Generally Accepted Accounting Principles (“GAAP”) or made other allegedly misleading public statements regarding the financial results of the Company. Defendants deny the allegations in the lawsuit and deny any wrongdoing. The Defendants and Lead Plaintiff disagree on liability and damages.
- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM NO LATER THAN _____, 2010	The only way to get a payment.
EXCLUDE YOURSELF NO LATER THAN _____, 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 _____, 2010	Write to the Court about why you do not like the settlement.
GO TO A HEARING ON _____, 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
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 an 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 locations indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than _____, 2010, to:

NutraCea, Inc. Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
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 Burritt 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 _____, 2010, to:

NutraCea, Inc. Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
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 Burritt 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 _____, 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, New York 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 _____, 2010, at __:___.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: _____, 2010.

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

**NutraCea, Inc. Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
Media, PA 19063**

PROOF OF CLAIM AND RELEASE

Deadline for Submission: _____

IF YOU PURCHASED SHARES IN NUTRACEA, INC. (“NutraCea”) DURING THE PERIOD FROM APRIL 2, 2007 THROUGH FEBRUARY 23, 2009, INCLUSIVE (THE “CLASS PERIOD”), YOU ARE A “CLASS MEMBER” AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS.

IF YOU ARE A CLASS MEMBER, YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND RELEASE (“PROOF OF CLAIM”) AND MAIL IT BY FIRST CLASS MAIL, POSTMARKED NO LATER THAN _____ TO THE FOLLOWING ADDRESS:

NutraCea, Inc. Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
Media, PA 19063

YOUR FAILURE TO SUBMIT YOUR CLAIM BY _____, 2010 WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOUR RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS ACTION. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

CLAIMANT’S STATEMENT

1. I (we) purchased common stock in NutraCea, Inc. and was (were) damaged thereby. (Do not submit this Proof of Claim if you did not purchase NutraCea, Inc. common stock during the designated Class Period).
2. By submitting this Proof of Claim, I (we) state that I (we) believe in good faith that I am (we are) a Class Member as defined above and in the Notice of Pendency and Proposed Settlement of Class Action (the “Notice”), or am (are) acting for such person(s); that I am (we are) not a Defendant in the Actions or anyone excluded from the Class; that I (we) have read and understand the Notice; that I (we) believe that I am (we are) entitled to receive a share of the Net Settlement Fund, as defined in the Notice; that I (we) elect to participate in the proposed Settlement described in the Notice; and that I (we) have not filed a request for exclusion. (If you are acting in a

representative capacity on behalf of a Class Member [e.g., as an executor, administrator, trustee, or other representative], you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)

3. I (we) consent to the jurisdiction of the Court with respect to all questions concerning the validity of this Proof of Claim. I (we) understand and agree that my (our) claim may be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to my (our) status as a Class Member(s) and the validity and amount of my (our) claim. No discovery shall be allowed on the merits of the Litigation or Settlement in connection with processing of the Proof of Claim.
4. I (we) have set forth where requested below all relevant information with respect to each purchase of NutraCea, Inc. common stock during the Class Period, and each sale, if any, of such securities. I (we) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so.
5. I (we) have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements, or other documents evidencing each purchase, sale or retention of NutraCea, Inc. common stock listed below in support of our claim. (IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.)
6. I (we) understand that the information contained in this Proof of Claim is subject to such verification as the Claims Administrator may request or as the Court may direct, and I (we) agree to cooperate in any such verification. (The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your recognized claim. In some cases, the Claims Administrator may condition acceptance of the claim based upon the production of additional information, including, where applicable, information concerning transactions in any derivatives securities such as options.)
7. Upon the occurrence of the Effective Date, as defined in the Notice, I (we) agree and acknowledge that my (our) signature(s) hereto shall effect and constitute a full and complete release, remise and discharge by me (us) and my (our) heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, attorneys, insurers and assigns (or, if I am (we are) submitting this Proof of Claim on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by its, his, her or their heirs, executors, administrators, predecessors, successors, and assigns) of each of the "Released Parties" of all "Released Claims," as defined in the Notice.
8. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All Claimants MUST submit a manually signed paper Proof of Claim form listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at 1-866-274-4004 or visit their website at www.strategicclaims.net to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written acknowledgment of receipt and acceptance of electronically submitted data.

SCHEDULE OF TRANSACTIONS IN NUTRACEA, INC. SECURITIES

NUTRACEA, INC. COMMON STOCK TRANSACTIONS

Beginning Holdings:

A. State the total number of shares of NUTRACEA, INC. common stock owned at the close of trading on April 1, 2007, long or short (*must be documented*):

**Check Here If
Documentation
Is Enclosed**

Purchases:

B. Separately list each and every open market purchase of NUTRACEA, INC. common stock during the period from April 2, 2007 through February 23, 2009, inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Purchased	Price	Total Cost (Excluding Commissions, Taxes, and Fees)	Check Here If Documentation Is Enclosed

Sales:

C. Separately list each and every sale of NUTRACEA, INC. common stock during the period April 2, 2007 through February 23, 2009, inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Price	Total Proceeds (Excluding Commissions, Taxes, and Fees)	Check Here If Documentation Is Enclosed

Ending Holdings:

D. State the total number of shares of NUTRACEA, INC. common stock owned at the close of trading on February 23, 2009, long or short (*must be documented*).

**Check Here If
Documentation
Is Enclosed**

If additional space is needed, attach separate, numbered sheets, giving all required information, substantially in the same format, and print your name and Social Security or Taxpayer Identification number at the top of each sheet.

Substitute Form W-9

Request for Taxpayer Identification Number:

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service (“I.R.S.”) requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

Social Security Number (for individuals)	or	Taxpayer Identification Number (for estates, trusts, corporations, etc.)
_____		_____

Certification

I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(c) of the Internal Revenue Code because: (a) I am (We are) exempt from backup withholding, or (b) I (We) have not been notified by the I.R.S. that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the I.R.S. has notified me (us) that I am (we are) no longer subject to backup withholding.

NOTE: If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS PROOF OF CLAIM AND RELEASE FORM IS TRUE, CORRECT AND COMPLETE.

Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign)

(Signature)

(Signature)

(Capacity of person(s) signing, e.g. beneficial purchaser(s), executor, administrator, trustee, etc.)
Check here if proof of authority to file is enclosed.
(See Item 2 on Page 2 for instructions)

Date: _____

**THIS PROOF OF CLAIM MUST BE SUBMITTED NO LATER THAN _____,
2010 AND MUST BE MAILED TO:**

**NutraCea, Inc. Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
Media, PA 19063**

A Proof of Claim received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by _____, 2010 and if a postmark is indicated on the envelope and it is mailed first class and addressed in accordance with the above instructions. In all other cases, a Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and to administer the Settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

REMINDER CHECKLIST

- Please be sure to sign this Proof of Claim on page __. If this Proof of Claim is submitted on behalf of joint claimants, then both claimants must sign.
- Please remember to attach supporting documents. Do NOT send any stock certificates. Keep copies of everything you submit.
- Do NOT use highlighter on the Proof of Claim or any supporting documents.
- If you move after submitting this Proof of Claim, please notify the Claims Administrator of the change in your address.

NOTE: RECEIPT ACKNOWLEDGMENT NEEDED

The Claims Administrator will send a written confirmation of its receipt of your Proof of Claim. Do not assume your claim is submitted until you receive written confirmation of its receipt. Your claim is not deemed fully filed until the Claims Administrator sends you written confirmation of its receipt of your Proof of Claim. If you do not receive an acknowledgement postcard within thirty (30) days of your mailing the Proof of Claim, then please call the Claims Administrator toll free at 1-866-274-4004.

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

JENNIFER BURRITT, INDIVIDUALLY	)	No. CV-09-00406-PHX-FJM
AND ON BEHALF OF ALL OTHERS	)	(Consolidated)
SIMILARLY SITUATED,)	
)	
Plaintiff,	)	<u>EXHIBIT A-3</u>
)	
vs.)	
)	
NUTRACEA, BRADLEY)	
D. EDSON, TODD C. CROW,)	
AND DAVID BENSOL,)	
Defendants.)	

**SUMMARY NOTICE OF PROPOSED CLASS
ACTION SETTLEMENT AND HEARING THEREON**

TO: ALL PERSONS WHO PURCHASED THE PUBLICLY TRADED COMMON STOCK OF NUTRACEA, INC. DURING THE PERIOD FROM APRIL 2, 2007 THROUGH FEBRUARY 23, 2009, INCLUSIVE.

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the District of Arizona, that a hearing will be held on _____ at ____ ..m. in room _____ before the Honorable Frederick J. Martone, United States District Judge of the District of Arizona, Sandra Day O’Connor U.S. Courthouse, 401 W. Washington Street, Suite 130, SPC 1, Phoenix, AZ 85003-2118 (the “Settlement Hearing”) for the purpose of determining: (1) whether the proposed Settlement consisting of the sum of \$1,500,000, plus fifty percent (50%) of any funds remaining in the insurance policy issued by Defendants’ directors and officers liability insurer, Carolina Casualty Insurance Company, to NutraCea, Inc. (“NutraCea”)

and its officers and directors (“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 Insurance, plus interest, should be approved by the Court as fair, reasonable, and adequate; (2) whether the proposed plan to distribute the settlement proceeds is fair, reasonable and adequate; (3) whether the application for an award of attorneys’ fees of twenty-five percent of the Settlement Amount and reimbursement of expenses of not more than \$150,000 should be approved; and (4) whether the Litigation should be dismissed with prejudice.

If you purchased shares of NutraCea securities during the class period from from April 2, 2007 through February 23, 2009, inclusive, your rights may be affected by the Settlement of this action. If you have not received a detailed Notice of Pendency and Proposed Settlement of Securities Class Action and a copy of the Proof of Claim and Release, you may obtain copies by writing to NutraCea Securities Litigation Settlement, c/o Strategic Claims Services, Claims Administrator, P.O. Box 230, Media, PA 19063, or going to the website, www.rosenlegal.com. If you are a member of the Class, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim and Release no later than _____, 2010, establishing that you are entitled to recovery. You will be bound by any judgment rendered in the Litigation whether or not you make a claim.

Any objection to the Settlement, Plan of Allocation, or the Request for Award of Attorneys’ Fees and Reimbursement of Expenses must be mailed or delivered such that it is received by each of the following no later than _____:

Clerk of the Court
U.S. District Court
District of Arizona
Sandra Day O'Connor U.S. Courthouse
401 W. Washington St.
Suite 130, SPC 1
Phoenix, AZ 85003-2118

Laurence M. Rosen
Phillip Kim
Timothy W. Brown
THE ROSEN LAW FIRM, P.A.
350 Fifth Avenue, Suite 5508
New York, NY 10118
Tel: (212) 686-1060
Fax: (212) 202-3827

Lead Plaintiff's Counsel in the Litigation

Sara B. Brody
SIDLEY AUSTIN LLP
555 California Street
San Francisco, CA 94104
Tel: (415) 772-1200
Fax: (415) 772-7400

Counsel for Defendant NutraCea

If you have any questions about the Settlement, you may call or write to Plaintiffs' Lead

Counsel:

Laurence M. Rosen
Phillip Kim
Timothy W. Brown
THE ROSEN LAW FIRM, P.A.
350 Fifth Avenue, Suite 5508
New York, NY 10118
(212) 686-1060

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE
REGARDING THIS NOTICE.**

DATED: _____

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

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

JENNIFER BURRITT, INDIVIDUALLY	)	No. CV-09-00406-PHX-FJM
AND ON BEHALF OF ALL OTHERS	)	(Consolidated)
SIMILARLY SITUATED,)	
)	
Plaintiff,	)	<u>EXHIBIT B</u>
)	
vs.)	
)	
NUTRACEA, BRADLEY)	
D. EDSON, TODD C. CROW,)	
AND DAVID BENSOL,)	
Defendants.)	

[PROPOSED] ORDER AND FINAL JUDGMENT

On the ____ day of _____, 2010, a hearing having been held before this Court to determine: (1) whether the terms and conditions of the Stipulation and Agreement of Settlement dated April ____, 2010 (the “Settlement Stipulation”) are fair, reasonable and adequate for the settlement of all claims asserted by the Class against Defendants NutraCea, Inc. (“NutraCea” or the “Company”), Bradley D. Edson, Todd C. Crow and David Bensol; (2) whether judgment should be entered dismissing the Complaint, on the merits and with prejudice, in favor of the Defendants and as against all persons or entities who are members of the Class herein who have not requested exclusion therefrom; (3) whether to approve the proposed Plan of Allocation (described in the Notice of Pendency and Proposed Settlement of Class Action) as a fair and reasonable method to allocate the settlement proceeds among members of the Class; and (4) whether and in what amount to award fees and reimbursement of expenses to Lead Counsel;

The District Court having considered all matters submitted to it at the hearing and otherwise; and

It appearing that a notice of the Settlement Hearing substantially in the form approved by the District Court in the Preliminary Order was mailed to all persons and entities reasonably identifiable who purchased NutraCea common stock that is the subject of the Litigation, during the Class Period, except those persons and entities excluded from the definition of the Class; and

It appearing that a summary notice of the hearing substantially in the form approved by the District Court in the Preliminary Order was published in accordance with the Preliminary Order and the specifications of the Court; and

Having received Notice of an Entry of Order approving the Settlement pursuant to Rule 9019, Federal Rules of Bankruptcy Procedure, by the United States Bankruptcy Court, District of Arizona;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED
THAT:

1. The District Court has jurisdiction over the subject matter of the Litigation, Lead Plaintiff, all Class Members and the Defendants.
2. All capitalized terms used herein shall have the same meanings as set forth and defined in the Settlement Stipulation.
3. The District Court finds that the prerequisites for a class action under Rule 23 (a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied, for settlement purposes only, in that: (a) the number of Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the Class; (c) the claims of the Lead Plaintiffs are typical of the claims of the Class they seek to represent; (d) Lead Plaintiffs fairly and adequately represent the interests of the Class; (e) the questions of law and fact common to the members of the Class predominate over any questions affecting only

individual members of the Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

4. Pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure and for purposes of the Settlement only, the District Court hereby certifies the following action as a class action: all persons who purchased the common stock of NutraCea during the period from April 2, 2007 through February 23, 2009, inclusive. The "Class" includes the Class Members collectively as well as each Class Member acting individually. Excluded from the Class are the Defendants, any members of Defendants' immediate families, any entity in which any Defendant has a controlling interest, directors and officers of NutraCea and the affiliates, legal representatives, heirs, predecessors, successors and assigns of any such excluded party. Also excluded from the Class are any putative Class Members who exclude themselves by filing a timely, valid request for exclusion.

5. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for purposes of the Settlement only, Lead Plaintiff is certified as class representatives and the Lead Counsel previously selected by Lead Plaintiff and appointed by the District Court is hereby appointed as Lead Counsel for the Class.

6. The Settlement Stipulation, which is incorporated and made a part of this Order and Final Judgment, is approved as fair, reasonable and adequate, and in the best interests of the Class. Lead Plaintiff and the Defendants are directed to consummate the Settlement in accordance with the terms and provisions the Settlement Stipulation.

7. The Litigation is hereby dismissed with prejudice and without costs.

8. Lead Plaintiff, Named Plaintiffs and each of the Class Members (including but not limited to any Class Member who is a party to any other action, arbitration or other

proceeding who is asserting claims related to the Released Claims against any of the Defendants or any of the Released Parties that are pending on the day of Final Approval) on behalf of themselves, their heirs, joint tenants, tenants in common, beneficiaries, executors and administrators, successors, attorneys, insurers and assigns, and any person they represent, hereby release and forever discharge, and shall be deemed to have released, dismissed and forever discharged, the Released Claims against each and all of the Released Parties, with prejudice and on the merits, without costs to any party. Further, Lead Plaintiff and all Class Members, on behalf of themselves, their current and former heirs, executors, administrators, successors, attorneys, insurers and assigns, expressly covenant not to assert any claim or action against any of the Defendants, Carolina, or any of their agents, insurers, or their re-insurers, derivatively on behalf of NutraCea that (i) arises out of or relates to any of the allegations, transactions, facts, matters, events, acts, representations or omissions asserted, set forth, or referred to in the Complaint or otherwise alleged, asserted or contended in the Litigation or (ii) that could have been alleged, asserted or contended in any forum by the Class or any of the Class Members against any of the Released Parties which arises out of, relates to, or is based upon the allegations, transactions, facts, matters, events, acts, representations or omissions asserted, set forth, or referred to in the Complaint, and shall forever be enjoined from commencing, instituting or prosecuting any such claim. The foregoing is not a release by NutraCea, its bankruptcy estate or any successor in interest or reorganized entity of any claims or action it may have against Released Parties. Lead Plaintiff and all Class Members, whether or not any such person submits a Proof of Claim, or otherwise shares in the Settlement Fund, on behalf of themselves and each of their predecessors, successors, assigns, personal representatives, heirs and any other person who purports to claim through them, are hereby deemed by this Settlement to have released and

forever discharged the Released Parties from any and all of the Released Claims. Lead Plaintiff and all Class Members and anyone claiming through or on behalf of any of them, are forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting against any of the Released Parties, and each of them, any of the Released Claims. Without limiting the foregoing, this includes the filing of a proof of claim in the Bankruptcy Case on the assertion of any right to payment from NutraCea or its bankruptcy estate.

9. Defendants, including any and all of their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under any of them, and each of them, are hereby deemed by this Settlement to have released and forever discharged Lead Plaintiff, Named Plaintiffs and all Plaintiffs' counsel in the Litigation from any and all claims, known or unknown, arising out of or relating to their filing, prosecution or settlement of the Litigation, except for claims to enforce the Settlement. Defendants are forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting any and all claims, known or unknown, arising out of or relating to their filing, prosecution or settlement of the Litigation, except for claims to enforce the Settlement against Lead Plaintiff, Named Plaintiffs, Class Members or any Plaintiffs' Counsel.

10. Lead Plaintiff, Named Plaintiffs and the Class Members are hereby permanently barred and enjoined from prosecuting the Released Claims against the Released Parties.

11. In accordance with Section 21D-4(f)(7)(A) of the Private Securities Litigation Reform Act of 1995, 15 U.S.C. see 78U-4(f)(7)(A), the Released Persons are discharged or released from all claims for contribution that have been or may be brought by or on behalf of any Persons relating to the Settlement of the Released Claims. As of the Effective Date, any and all Persons are forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or proceeding asserting such claim for contribution and the Released Parties are forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or proceeding asserting such claim for contribution.

12. The District Court finds that all parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

13. Neither this Order and Final Judgment, the Settlement Stipulation, nor any of the negotiations, documents or proceedings connected with them shall be:

- (a) referred or used against the Released Parties or against the Class as evidence of wrongdoing by anyone;
- (b) construed against the Released Parties or the Class as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; or
- (c) construed as, or received in evidence as, an admission, concession or presumption against the Class or any of them, that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Fund.

14. Exclusive jurisdiction is hereby retained over the parties and the Class Members for all matters relating to the Litigation, including the administration, interpretation, effectuation

or enforcement of the Settlement Stipulation and this Order and Final Judgment, and including any application for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the Class Members.

15. Without further order of the District Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Settlement Stipulation.

16. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the District Court is directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

17. The finality of this Order and Final Judgment shall not be affected, in any manner, by rulings that the District Court may make on the Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses.

18. The District Court hereby finds that the proposed Plan of Allocation is a fair and reasonable method to allocate the settlement proceeds among members of the Class.

19. The District Court hereby finds that the notice provided to the Class provided the best notice practicable under the circumstances. Said notice provided due and adequate notice of these proceedings and the matters set forth herein, including the Settlement and Plan of Allocation, to all persons entitled to such notice, and said notice fully satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure and the requirements of due process. A full opportunity has been offered to the Class Members to object to the proposed Settlement and to participate in the hearing thereon. Thus, it is hereby determined that all members of the Class are bound by this Order and Final Judgment except those persons set forth on Exhibit A.

20. In the event that the Settlement does not become final and effective in accordance with the terms and conditions set forth in the Settlement Stipulation, then this Order and Final

Judgment shall be rendered null and void and be vacated and the Settlement and all orders entered in connection therewith shall be rendered null and void (except as provided in ¶¶ 6-9, 31, 32, 33, 36, 37 and 48 in the Settlement Stipulation), and the parties shall be returned to their respective positions immediately before the execution of the Settlement Stipulation.

Dated: _____, 2010

Hon. Frederick J. Martone
UNITED STATES DISTRICT JUDGE

File a Motion:[2:09-bk-28817-CGC Nutracea, a California corporation](#)

Type: bk

Chapter: 11 v

Office: 2 (Phoenix)

Assets: y

Judge: CGC

U.S. Bankruptcy Court**District of Arizona**

Notice of Electronic Filing

The following transaction was received from S. CARY FORRESTER entered on 6/18/2010 at 9:20 AM AZ and filed on 6/18/2010

Case Name: Nutracea, a California corporation**Case Number:** [2:09-bk-28817-CGC](#)**Document Number:** [438](#)**Docket Text:**

Motion to Approve Compromise/Settlement of *Consolidated Securities Class Action Lawsuit* filed by S. CARY FORRESTER of FORRESTER & WORTH, PLLC on behalf of Nutracea, a California corporation (Attachments: # (1) Exhibit A). (FORRESTER, S.)

The following document(s) are associated with this transaction:

Document description:Main Document**Original filename:**N:\Word Docs\Cary\Active\NutraCea\Lawsuits--Settlements\Class Action and D&O\Settlement\Motion to Approve Settlement--Bankruptcy Court\Motion to Approve Settlement.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=875559564 [Date=6/18/2010] [FileNumber=18222322-0]
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Document description:Exhibit A**Original filename:**N:\Word Docs\Cary\Active\NutraCea\Lawsuits--Settlements\Class Action and D&O\Settlement\Motion to Approve Settlement--Bankruptcy Court\Motion to Approve Settlement - Ex A.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=875559564 [Date=6/18/2010] [FileNumber=18222322-1]
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2:09-bk-28817-CGC Notice will be electronically mailed to:

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