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S. CARY FORRESTER (006342)
4 E-MAIL SCF@FWLAWAZ.COM

5 ATTORNEYS FOR THE DEBTOR

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 **NOTICE OF FILING**
AMENDMENT TO EXHIBIT A

12
13 On March 12, 2010 Debtor filed an application for approval of employment of
14 Lakeshore Food Advisors, LLC as its food industry investment banker on a fixed fee
15 basis pursuant to 11 U.S.C. § 328(a) [DE 327] (the “**Application**”). Attached to the
16 Application as Exhibit A was a Declaration of Mary L. Burke (the “**Declaration**”). A
17 Financial Advisory Services Agreement was attached to the Declaration as Exhibit 1.

18 NOTICE IS HEREBY GIVEN that paragraph 5(b) of the standard terms and
19 conditions of the Financial Advisory Services Agreement has been amended to provide
20 an exception for willful misconduct. The revised paragraph reads as follows:

21 (b) The parties will have no liability to one another for
22 any actions, damages, claims, liabilities, costs, expenses or
23 losses in any way arising out of or relating to the services
24 preformed hereunder for an aggregate amount in excess of
25 the fees paid by client to LFA under this Agreement, **except
for those arising out of or relating to either party’s
willful misconduct.** In no event shall either party be liable
for consequential, special, indirect, incidental, punitive or

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exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). The provisions of this Paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

A copy of the amended Financial Advisory Service Agreement is attached hereto as Exhibit A.

Dated this 31st day of March, 2010.

FORRESTER & WORTH, PLLC

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

Copy e-mailed and/or mailed on this 31st day of March, 2010 to all those on Official Notice Service List #2 on file with this Court.

/s/ Carrie Lawrence
Carrie Lawrence

EXHIBIT “A”



20 North Wacker Drive
Suite 1701
Chicago, IL 60606
(312) 348-7080
(312) 376-1585

FINANCIAL ADVISORY SERVICES AGREEMENT

THIS AGREEMENT ("**Agreement**"), dated March 12, 2010, confirms that **NUTRACEA**, a California c-corporation, having its principal place of business at 6720 N. Scottsdale Road, Suite 390, Scottsdale, AZ 85253 ("**Client**") has retained **LAKESHORE FOOD ADVISORS, LLC**, an Illinois registered limited liability company with its principal offices at 20 North Wacker Drive, Suite 1701, Chicago, IL 60606 ("**LFA**"), for the purposes described in this Agreement in accordance with the terms and conditions specified herein, and LFA has agreed to such engagement. LFA acknowledges that NutraCea has filed for protection under chapter 11 of the US Bankruptcy Code. Client's Chapter 11 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**"). This Agreement and Client's obligations hereunder are subject to approval by the Bankruptcy Court in the Bankruptcy Case.

1. Purpose of Engagement. LFA will render strategic and financial advisory services (the "**Services**") as outlined below to Client in connection the possible sale to one or more third parties (the "**Buyer(s)**") of Client's Dillon, Montana Stage 2 Production facility including land, building, and equipment (the "**Assets**") and negotiation of related supply and/or intellectual property licensing agreements. The sale to the Buyer(s) is referred to hereinafter as the "**Transaction(s)**". Among other Services, LFA will:

- (a) Assist in the determination of an appropriate plan to divest the Assets, and in the design and implementation of a process to solicit, coordinate and evaluate proposals for any potential or actual Transaction;
- (b) Assist in identifying and qualifying potential Buyers and act as Client's exclusive representative (but without any authority to bind or obligate Client) in discussions with such parties regarding any Transaction;
- (c) Assist in the preparation and dissemination of confidential information materials for any potential Transaction (as supplemented or amended the "**Information Materials**"); provided that LFA shall not deliver any Information Materials to any potential Buyers unless it shall have first received an executed non-disclosure agreement in general form and content approved by Client;
- (d) Assist in the negotiation and implementation of, and review of proposals in connection with, a Transaction;
- (e) Perform the financial and strategic analysis necessary to incorporate financial, tax, and merger and acquisition priorities of Client into the business terms of any potential or actual Transaction;
- (f) Assist in all aspects of the negotiation process of a Transaction, including establishment of structure, price and terms; provided that Client shall be solely responsible for any final decisions regarding such allocation. LFA shall only provide its good faith analysis and estimation as to such allocation and shall not be required to provide any financial or

tax opinion or letter of reliance;

- (g) Provide testimony, as necessary, with respect to matters on which LFA has been engaged hereunder in any proceeding before the Bankruptcy Court; provided that LFA shall be permitted to consult with and follow the guidance of its counsel in connection therewith;
- (h) Assist in the non-legal aspects of final documentation and closing of a Transaction; and
- (i) Provide other advisory services as mutually agreed.

LFA's role is that of an advisor only and not of an underwriter or broker for the sale of any securities of Client, whether it is the Transaction or other future offerings of debt or equity. Notwithstanding anything to the contrary in this Agreement, LFA will not affect any transaction in the Client's debt or equity to any person, and will not provide any services to the Client to induce or attempt to induce the purchase or sale of its debt or equity to any third person, and further, LFA will not solicit, negotiate, or execute any transaction concerning the Client's debt or equity.

2. Period of Engagement. LFA's engagement under this Agreement will commence on the date written above and expire six (6) months later. Notwithstanding the foregoing, this Agreement may be terminated by either party at any time, with or without cause, upon ten (10) days written notice to that effect to the other party.

3. LFA's Compensation. Client will pay to LFA the following sums:

- (a) **Retainer.** Client will pay to LFA a non-refundable advance of twenty five thousand dollars (\$25,000) upon approval of this Agreement by the Bankruptcy Court (the "**Advance**"). The paid Advance will be applied against any expenses incurred and/or Success Fee owing as outlined in Section 3(b).
- (b) **Success Fee.** Contingent upon the successful closing of the Transaction during the term of this Agreement or in the event a Transaction occurs or is effected through the agency of another person and the Tail Fee (as defined below in subparagraph 3(c)) is due and owing, Client will pay LFA a cash payment equal to:
 - i. Three hundred fifty thousand dollars (\$350,000) if the Assets are sold to any Buyer introduced by LFA and not previously approached by NutraCea (as listed in Section 3(b)(ii) below); or
 - ii. Two hundred fifty thousand dollars (\$250,000) if the Assets are sold to any of the five parties already contacted by NutraCea including Clearly Canadian, Patty McPeak, Riceplex, Biostime, Maple Island or any entity in which any of those parties holds a direct interest in an entity involved in the closing of a Transaction.

Any fees owed under this paragraph shall be paid to LFA in readily available funds on the day each Transaction closes or upon approval by the Bankruptcy Court, whichever is later.

- (c) **Tail Fee.** The period commencing on the expiration or earlier termination date of this Agreement and expiring six (6) months thereafter is referred to herein as the "**Tail Period**." LFA shall be entitled to its full fees under Section 3(b) (i) hereof in the event

that a Transaction is consummated with any party newly introduced by LFA at any time prior to the expiration of the Tail Period, (the “**Tail Fee**”). However, Buyers covered by the Tail Fee will only be those with which LFA had substantive discussions during the term of this Agreement regarding a possible Transaction, or (b) which conducted an initial review of information directly or indirectly provided by LFA concerning the Assets during the term of this Agreement (a “**Prospect**”). No Tail Fee will be due if a sale is consummated with one or more of the five companies listed in Section 3(b)ii above, all of which have been approached by NutraCea prior to the signing of this agreement. At the end of the term of this Agreement, LFA shall designate in writing to Client all Prospects for purposes of the Tail Period provision hereof, and Client shall notify LFA in writing of any Prospects included in LFA's designation that Client objects to as not properly included as a Prospect within 10 business days of receiving the list. Notwithstanding the foregoing, no entity shall be considered a Prospect unless it shall have entered into a confidentiality agreement pursuant to Section (c) and LFA will provide copies of the executed confidentiality agreement for each such designee to Client. Any monies owed under this Tail Fee provision shall be paid to LFA in readily available funds as soon as possible after a Transaction closes or upon approval by the Bankruptcy Court, whichever is later.

4. **Reimbursement of Expenses.** In addition to any fees that may be payable to LFA and regardless of whether any Transaction is proposed or consummated, Client will reimburse LFA on a monthly basis for all reasonable disbursements incurred in connection with any actual or proposed Transaction or otherwise arising out of LFA's engagement, including all travel and production costs. Client will remain liable for reimbursement of reasonable out-of-pocket expenses incurred by LFA in the course of providing Services, including out-of-pocket expenses incurred at Client's request after termination or expiration of this Agreement.
5. **Announcement.** At the conclusion of a Transaction, LFA shall have the right to publish an announcement of its role as Client's financial and strategic advisor with respect to this engagement, subject to prior written approval of the form and content of such announcement by Client, which shall not be unreasonably withheld. In addition, if Client issues a press release regarding the Transaction(s), a reference will be made to LFA's role as Client's advisor.

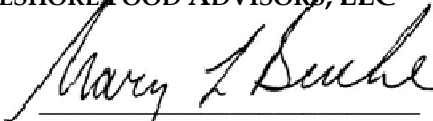
The parties have caused this Agreement to be executed by their duly authorized representatives as of the Date written above.

Engagement terms including attached Exhibit A, Standard Terms and Conditions accepted by:

NUTRACEA

By: _____
Name:
Title:

LAKESHORE FOOD ADVISORS, LLC

By: 
Name: Mary L. Burke
Title: *Principal*

LAKESHORE FOOD ADVISORS, LLC

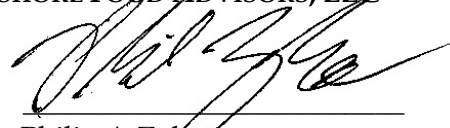
By: 
Name: Philip A. Zoloto
Title: *Principal*

EXHIBIT A STANDARD TERMS AND CONDITIONS

1. Accuracy of Client Data. Client recognizes and confirms that in performing its duties pursuant to this Agreement, LFA will be using and relying on data, material and other information (the "Information") furnished by Client and its employees and representatives and on information available from generally recognized public sources without any independent investigation or verification thereof. Accordingly, LFA assumes no responsibility for the accuracy and completeness of the Information. In rendering its Services hereunder, LFA will not make an appraisal or independent valuation of any of the assets or liabilities of Client. Client agrees that any Services will be based entirely upon Information supplied by Client or available from public sources. Client will exercise reasonable care to ensure that Information is complete and accurate in all material respects, and not materially misleading, and Client will be solely responsible for the accuracy and completeness of any such Information used, summarized or presented in any Services. Without limiting the foregoing, LFA will be neither responsible for nor liable to any party for any representations, assertions or statements based on the Information or reasonably derived therefrom if such representations, assertions or statements prove to be false, inaccurate, deceptive, misleading or incomplete.

2. Confidentiality. Unless required by law or applicable legal process, any advice rendered by LFA pursuant to this Agreement may not be disclosed publicly by LFA or Client without the other party's prior written consent or used for any purposes not related to Client's participation in the Services.

3. Confidential and Proprietary Information. "Confidential and Proprietary Information" means all documents, software, reports, data, records, forms and other material (a) obtained by LFA from Client in the course of performing the Services: (i) that have been marked as confidential; (ii) whose confidential nature has been made known by Client to LFA; or (iii) that due to their character and nature, a reasonable person under like circumstances would treat as confidential or (b) developed or prepared by LFA based upon information described in (a). Confidential and Proprietary Information does not include information which: (i) is already known to LFA at the time of disclosure by Client; (ii) is or becomes publicly known through no wrongful act of LFA; (iii) is independently developed by LFA without benefit of Client's Confidential and Proprietary Information; or (iv) is received by LFA from a third

party without restriction and without a breach of an obligation of confidentiality. All Confidential and Proprietary Information of Client remains the property of Client and will be maintained in confidence by LFA, will not be used by LFA for any purpose other than to provide the Services under this Agreement, and will not be disclosed to any third party, except as provided herein, without Client's prior written consent, unless required by applicable law or legal process. At the conclusion of the Services, LFA will, upon Client's request, return to Client all Confidential and Proprietary Information of Client in its possession or, upon Client's request, LFA will destroy all Confidential and Proprietary Information of Client in its possession, subject to LFA's need to preserve its interests hereunder. Upon written request by Client, LFA will certify the destruction of all Confidential and Proprietary Information of Client, clearly identifying any such information retained by LFA as necessary to preserve its interests hereunder. The confidentiality restrictions and obligations imposed by this section will terminate two (2) years after the expiration or termination of this Agreement.

4. Limitations on Use. Client expressly acknowledges that all information and advice provided by LFA to Client in connection with LFA's engagement are intended solely for the benefit and use of Client (including its management, directors, shareholders and attorneys) in considering the Services to which they relate, and Client agrees that, except as required by law, no such information or advice will be used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose, nor will any public reference to LFA be made by Client (or such persons) without the prior written consent of LFA, which will not be unreasonably withheld. Client specifically agrees, without limiting the generality of the foregoing, that it will not use any information or advice provided by LFA to Client in any tax matter, proceeding or audit nor in any matter having to do with the listing or public sale of securities unless LFA has agreed to such use beforehand, in writing.

5. Indemnification.

(a) In the event of a claim by a third party relating to services under the Agreement to which these Standard Terms and Conditions are attached, Client and LFA will mutually indemnify one another and their personnel from all such claims, liabilities, costs

and expenses, except to the extent determined to have resulted from the intentional or deliberate misconduct by the other party or its gross negligence.

(b) The parties will have no liability to one another for any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed hereunder for an aggregate amount in excess of the fees paid by Client to LFA under this Agreement, except for those arising out of or relating to either party's willful misconduct. In no event shall either party be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). The provisions of this Paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

6. Independent Contractor. Nothing in this Agreement will be deemed to constitute LFA or Client the agent of the other. Neither LFA nor Client shall be or become liable or bound by any representation, act or omission whatsoever of the other.

7. Not a Registered Broker-Dealer. LFA is not a registered broker-dealer and will not be providing services to Client as a broker-dealer. All services provided by LFA will be strictly as an advisor to Client.

8. Nonassignability. This Agreement and all rights, liabilities and obligations hereunder will be binding upon and inure to the benefit of each party's successors, but neither party will assign, transfer or subcontract this Agreement or any of its obligations hereunder without the other party's express, prior written consent.

9. Severability. In the event that any term or provision of this Agreement is held to be invalid, void or unenforceable, then the remainder of this Agreement will not be affected, impaired or invalidated, and each such term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law.

10. Governing Law. Regardless of the place of execution or performance, this Agreement and any related indemnification and confidentiality agreements between the parties will be deemed made in Arizona. All actions arising hereunder or in connection herewith will fall under the exclusive jurisdiction and venue of the Bankruptcy Court or, if the Bankruptcy Court no longer has subject matter jurisdiction, then in the Superior Court of the State of Arizona, Maricopa County, , and each of the parties hereto hereby agrees to the personal jurisdiction and venue of said court. The parties hereto agree to service of process by certified mail or receipted courier. Any right to trial by jury with respect to any claim or proceeding related to or arising out of this engagement, or any transaction or conduct in connection herewith, is waived.

11. Integration. This Agreement constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior and contemporaneous representations, proposals, discussions, and communications, whether oral or in writing. This Agreement may be modified only in writing and will be enforceable in accordance with its terms when signed by each of the parties hereto.

12. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which constitute one and the same instrument. Executed counterparts may be exchanged by hand-delivery, mail, fax or email.

13. Third Party Beneficiaries. This Agreement is made solely for the benefit of Client, LFA, other Indemnified Parties and their respective successors and assigns, and no other person will acquire or have any right under or by virtue of this Agreement.

15. Notices. All notices, requests and demands hereunder will be in writing and will be deemed to have been duly given (a) upon personal delivery, (b) five (5) days after being mailed by registered or certified mail, return receipt requested or (c) one (1) business day after being sent by nationally recognized overnight courier.

File a Notice:[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 3/31/2010 at 12:25 PM AZ and filed on 3/31/2010

Case Name: Nutracea, a California corporation**Case Number:** [2:09-bk-28817-CGC](#)**Document Number:** [355](#)**Docket Text:**

Notice of Filing *Amendment to Exhibit A* filed by S. CARY FORRESTER of FORRESTER & WORTH, PLLC on behalf of Nutracea, a California corporation (related document(s)[327] Application to Employ).(FORRESTER, S.)

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

Document description:Main Document**Original filename:**C:\fakepath\NOF Amendment to Ex A.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=875559564 [Date=3/31/2010] [FileNumber=17224898-0]
] [5feab487869d6c49a5c95b1b0011a46b79c04f6ed8a3d3c7a005d73f33da13542dd
1573b92c6ac440d4263353f2a3676ec60b9fc96008aa91c6c37ebbfd211b3]]

2:09-bk-28817-CGC Notice will be electronically mailed to:

KEVIN J. BLAKLEY on behalf of Creditor GANADO PAINTING AND WALL COVERING, INC.
kblakley@gblaw.com

J. JAMES CHRISTIAN on behalf of Defendant Harvey Pensack
jjc@tblaw.com, jeg@tblaw.com;sab@tblaw.com

JOHN R. CLEMENCY on behalf of Creditor WELLS FARGO BANK, N.A.
john.clemency@gknet.com, donna.elliott@gknet.com;maricella.nunez@gknet.com

JAMES E. CROSS on behalf of Debtor Nutracea, a California corporation
jcross@omlaw.com, kstewart@omlaw.com

RICHARD J. CUELLAR on behalf of U.S. Trustee U.S. TRUSTEE

ric.j.cuellar@usdoj.gov, coleen.craig@usdoj.gov

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scf@fwlawaz.com

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rgh@tblaw.com, sab@tblaw.com

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CAROLYN J. JOHNSEN on behalf of Creditor Committee Unsecured Creditors Committee
cjjohnsen@jsslaw.com

PHILLIP C KIM on behalf of Plaintiff Harvey Pensack
pkim@rosenlegal.com

THOMAS G. LUIKENS on behalf of Creditor AICCO, Inc.
Thomas.Luikens@azbar.org, tglegalassistant@earthlink.net

JEFFREY W PETERS on behalf of Creditor Farmers Rice Milling Company, Inc.
jpeters@powellgroup.com

LAURENCE M ROSEN on behalf of Plaintiff Harvey Pensack
lrosen@rosenlegal.com

JULIE RYSTAD on behalf of Creditor WELLS FARGO BANK, N.A.
julie.rystad@gknet.com

CHAD L. SCHEXNAYDER on behalf of Creditor AVAZ, Inc. d/b/a Audio Video Resources
cls@jhc-law.com, sh@jhc-law.com

GERALD L. SHELLEY on behalf of Interested Party Bradley Edson
gshelley@fclaw.com, hlahren@fclaw.com

TODD B. TUGGLE on behalf of Creditor W.D. Manor Mechancial Contractors
ttuggle@jsslaw.com

STEPHEN L WILLIAMSON on behalf of Creditor Farmers Rice Milling Company, Inc.
swilliamson@monbar.com, ymaranto@monbar.com