

August 2006

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Welcome Letter

Welcome to *New Horizons*, a quarterly newsletter from Horizon Ag. This new initiative is designed to communicate what's happening in our business to our ORYGEN™ producer processors and retailers, who play a valuable role in delivering high-yielding Horizon Ag CLEARFIELD® rice varieties to growers.

In this newsletter you will find information about existing CLEARFIELD rice varieties as well as Horizon Ag efforts to grow our product portfolio. You will also find important information and research data critical to the CLEARFIELD rice business. Horizon Ag rice varieties continue to raise the bar on yield and performance in CLEARFIELD rice seed. The future is bright, with two new exciting varieties winding their way to full-commercialization in 2008.

ORYGEN producer processors and retailers are important partners for Horizon Ag and *New Horizons* should become a valuable tool to help you sustain and grow your CLEARFIELD rice business.



Randy Ouzts, General Manager

New CL Varieties on the Horizon *CL151 and CL171-AR*

Horizon Ag expanded its portfolio with the successful harvest of two new CLEARFIELD varieties at its winter nursery in La Jas, Puerto Rico back in May. The harvested foundation seed for both CL151 and CL171-AR was shipped back to the United States and planted on the farm of Mr. Jacko Garrett in Danbury, Texas.

The current crop conditions look good and if things hold, enough seed for both of these exciting new varieties should be available for certified seed production and small-scale commercial launches in 2007.

Developed by Dr. Steve Linscomb at Louisiana State University, CL151 will offer yield improvements over existing lines and a disease package similar to Cheniere. The milling and grain quality appear to be very good on CL151. Its maturity falls somewhere between CL131 and CL161, and more will be learned about maturity this season.

Developed by Dr. Karen Moldenhauer at the University of Arkansas, CL171-AR has Wells in its parentage and appears to offer high yield potential, certainly comparable to or better than CL161. CL171-AR offers a better disease package than CL131 and CL161. In particular, the variety seems to offer more tolerance to Sheath Blight. The height on CL171-AR appeared to be similar to Wells just before harvest in Puerto Rico on April 27.

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Jacko Garrett mans the harvester in Puerto Rico for the cutting of CL171-AR in May.

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New CL Varieties on the Horizon (Continued from page 1)

"The harvest of these two varieties means more CLEARFIELD rice seed choices will soon be available to U.S. rice growers," said Randy Ouzts, general manager of Horizon Ag.

Existing Horizon Ag products, CL131 and CL161, represent the vast majority of the U.S. acres planted to CLEARFIELD technology in 2006. Launched commercially in 2006, CL131 is a very early maturing, semi-dwarf, long-grain rice that has demonstrated excellent yield and grain quality potential and high tolerance to Newpath™ herbicide. CL131 is somewhat shorter than CL161 and has good resistance to lodging and excellent standability. It has shown good adaptability across the entire southern rice growing region and good second-crop potential.

Released in 2004, CL161 closely resembles Cypress in appearance, performance and maturity. A popular variety for CLEARFIELD acres, CL161 has also

demonstrated good adaptability and consistent performance across the southern rice growing regions.

"We expect CL151 to eventually replace a large portion of the CL161 acres if this variety performs as expected this year," said Ouzts. "And based on preliminary performance data, CL171-AR, with its Wells parentage, is expected to be in high demand in Arkansas."

"We expect CL151 to eventually replace a large portion of the CL161 acres if this variety performs as expected this year,"

—Randy Ouzts

Horizon Ag utilizes a winter nursery in Puerto Rico, a parent seed production cooperator in Texas, 21 ORYGEN™ producer processors and 200 ORYGEN retailers for commercialization of new CLEARFIELD rice varieties. This system is interwoven with quality assurances and checks to ensure genetic purity and consistent herbicide tolerance during the parent seed

production cycle. The Puerto Rico operation allows Horizon Ag and its university partners to essentially get two growing seasons in one year, helping to speed up the development process from a normal five- to six-year period, to a three- to four-year process.

Promising new CLEARFIELD rice varieties are making their way through our product-development pipeline and you will hear about them in future editions of this newsletter.



Foundation Seed harvested in the Puerto Rico winter nursery was shipped to Garrett Farms in Texas for planting this spring.

CL Rice Demonstration Plots

Two New Varieties Featured in '06

Horizon Ag has established a "super plot" location in Hickory Ridge, AR this season to preview all four of its CLEARFIELD rice varieties, including the existing CL131 and CL161 plus two new varieties, CL151 and CL171-AR.

The plots will be featured at the 2006 Horizon Ag Field Day on August 23. All four Horizon Ag CL varieties were planted May 19 at a seeding rate of

70 pounds/acre. Two applications of Newpath were made prior to flood, which was established June 29.

The nine-acre Horizon Ag plot provides a great opportunity to see the two new Horizon Ag CL varieties in side-by-side comparisons with CL131 and CL161, says Lance Schmidt, northern district manager for Horizon Ag.

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Horizon Ag is pleased to announce our new corporate office location in Memphis:

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CL Rice Demonstration Plots (Continued from page 2)

"All four varieties showed good vigor coming up and excellent tillering, with CL131 and the two new varieties very comparable to CL161 – the variety most are familiar with," said Schmidt. "Planted in late May, this plot has received excellent

growing conditions and should begin heading by the middle of August."

Additional plot locations in Arkansas and Missouri have also been established. ORYGEN™ producer processors and

retailers are encouraged to monitor the growth and performance of these varieties, especially CL151 and CL171-AR.

Please contact Lance Schmidt at 870-219-3247 if you would like more information on the plot locations or would like to set up a private tour.

Plot locations for 2006 include:

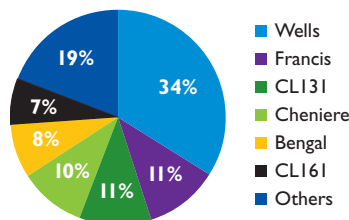
- **Glennonville, MO**
CL131 and CL171-AR
Can be seen at the Missouri Rice Farm and Field Day, Aug. 24.
- **Delaplaine, AR**
CL131 and CL171-AR
- **Jonesboro, AR**
CL171-AR
Can be seen at the Cache River Valley Field Day, Aug. 16.
- **Weiner, AR**
CL151
- **Hickory Ridge, AR**
CL161, CL131, CL151 and CL171-AR
- **Watson, AR**
CL171-AR



CLEARFIELD Varieties Enjoy Increased Market Share

Despite a decrease in U.S. long grain rice acres this year, CLEARFIELD rice continues to grow in market share as more and more growers adopt the efficient weed-control technology.

CLEARFIELD rice commanded 34% of U.S. long grain acres in 2006, up from 2005.



2006 Arkansas Rice Acres – 1.41 million – Market Share by Variety
Source: University of Arkansas Cooperative Extension Service.

An estimated 30% of those CLEARFIELD acres are Horizon Ag CL varieties, while CL hybrids only occupy about 4%.

In Arkansas, the nation's largest rice-producing state, Horizon Ag CL varieties have demonstrated good performance. According to the University of Arkansas Cooperative Extension Service, the Horizon Ag varieties CL131 and CL161 together accounted for almost 20% of the state's acreage. Strong sales of Horizon Ag CL varieties in Arkansas and the other rice states have been attributed to consistent yield and milling performance, and no reported tolerance problems with Newpath or Clearpath™ herbicides.

Other estimated Horizon Ag market share by state includes:

- Mississippi – 41%
- Louisiana – 35%
- Texas – 16%
- Missouri – 27%, up 10% from 2005

Long-term predictions are that rice acres could continue to decrease due to market conditions and input costs. But we are confident that CLEARFIELD rice acres will continue to grow with the launch of two new Horizon Ag CL varieties in 2008, and the continued support and hard work of the ORYGEN producer processors and retailers, who have contributed to the steady increase in CLEARFIELD market share.

New Horizons



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Protect Your Investment

CLEARFIELD rice varieties are protected under PVP Title V regulations, as well as one or more of the United States Patent Numbers 5,952,553 and 6,274,796; with additional patent applications pending. CLEARFIELD rice seed cannot be legally saved under any circumstances, and can only be purchased in "certified class" from Horizon approved ORYGEN™ Seed Retailers.

Growers can not save CLEARFIELD rice seed from the previous crop for any planting purposes whatsoever, as clearly defined in stewardship agreements signed at purchase. Progeny seed may only be sold as a commodity and may not be saved for propagation in a subsequent season, nor sold for propagation by others, nor otherwise transferred without written permission from the patentee or its authorized licensee. Unauthorized use,

distribution, planting, harvesting or sale is strictly prohibited.

Report CLEARFIELD rice seed piracy by calling the Horizon Ag toll free number (888-429-2829) or notifying your local seed retailer. Please help us protect the most exciting technology in rice by buying only certified CLEARFIELD seed from your ORYGEN seed retailer.

ORYGEN is a trademark of Horizon Ag, LLC. CLEARFIELD is a registered trademark and Clearpath and Newpath are trademarks of BASF.

Horizon Ag LLC designed the ORYGEN Seed Marketing System to coordinate the production and distribution of advanced seed lines for technology providers and public university breeding systems through Authorized Producer/Processor and Retailer partners. This novel approach provides efficient and economical development and marketing of new seed technologies.

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