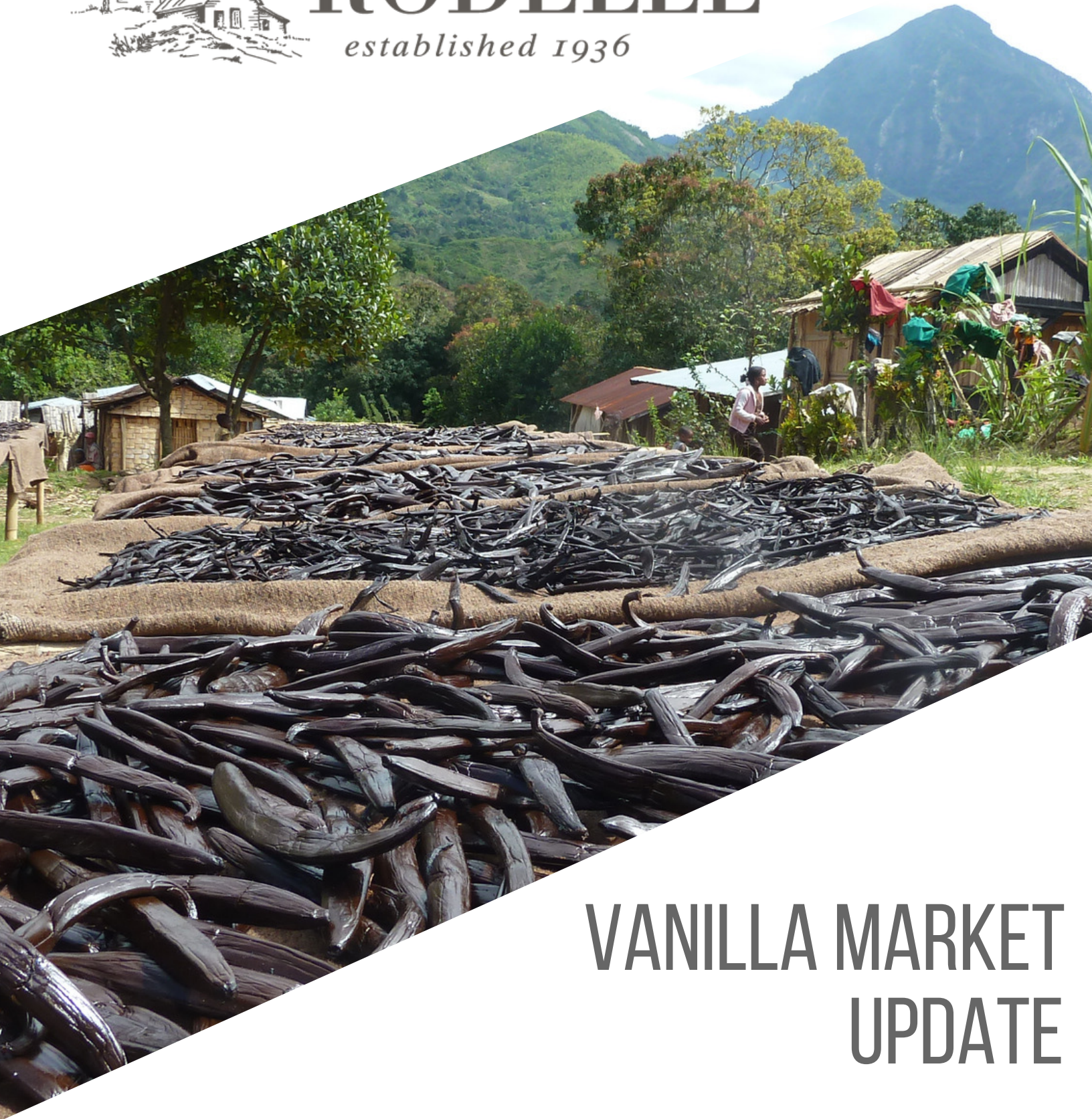




RODELLE

established 1936



VANILLA MARKET UPDATE

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Vanilla, the world's most popular flavor, is also one of the world's most volatile commodities. Today, vanilla prices continue to surge to over \$400 a kilogram, leading to worldwide shortages and supply disruptions. The cycles of the vanilla industry have been shaped by the actions of the past as much as they are affected by today's trends. To fully understand today's market volatility, we must look to the past.

This timeline demonstrates some of the key factors in the boom and bust cycle inherent to the vanilla market since the political instability began in Madagascar in the late 20th century.

TIMELINE

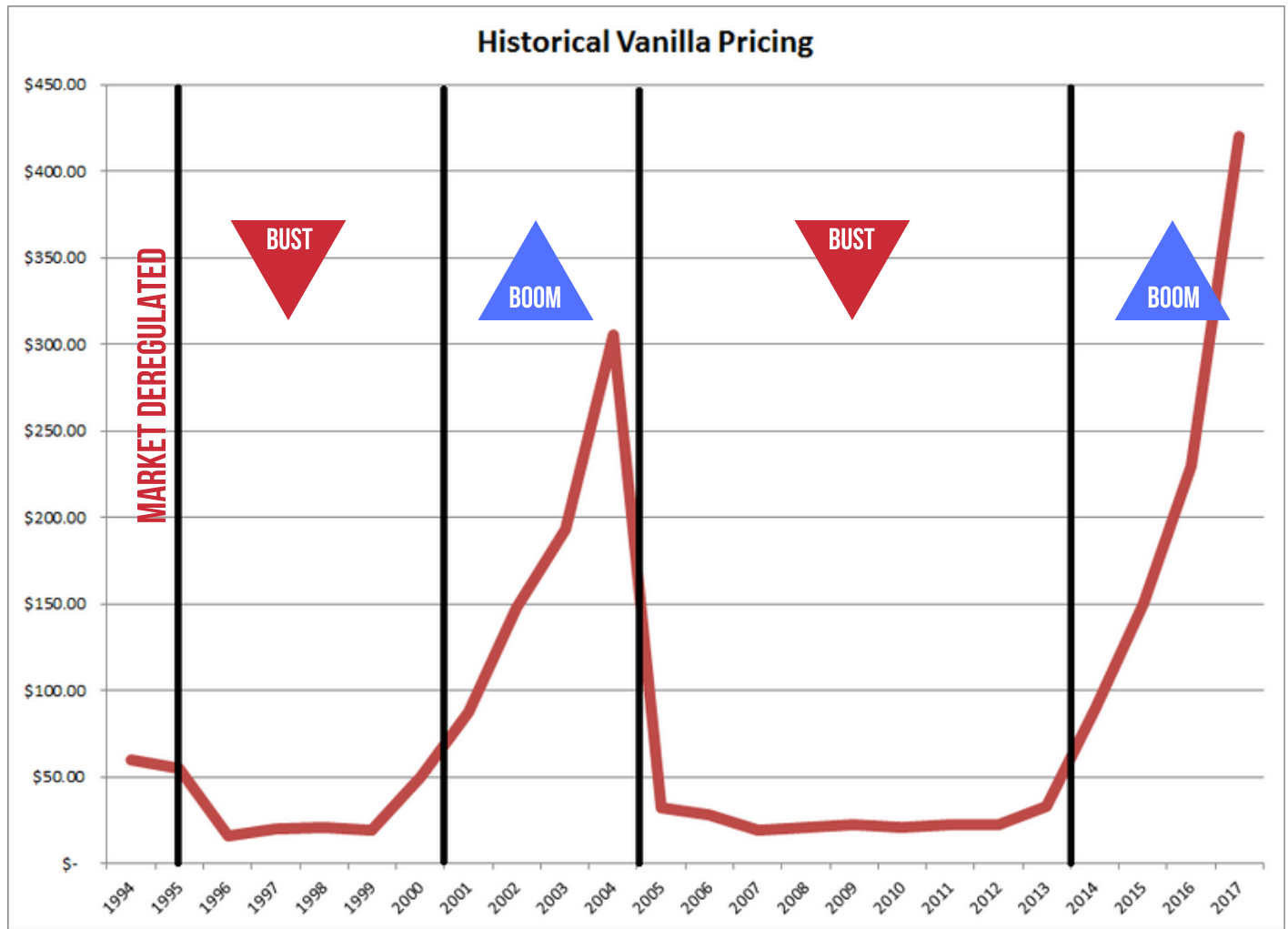


BOOM AND BUST CYCLE

To deal with market volatility and supply issues, farmers, exporters and importers are trialing new strategies to best deal with the market. Rodelle has seen vacuum packing, quick curing, immature picking, and cold curing all in practice.

The new trends and vanilla farming practices will affect the market and only time will tell the true consequences and magnitude. However, these are just symptoms of the underlying cause: severe volatility of a commodity in the fragile social environments that vanilla is grown.

THE BOOM AND BUST VANILLA MARKET - PRICING

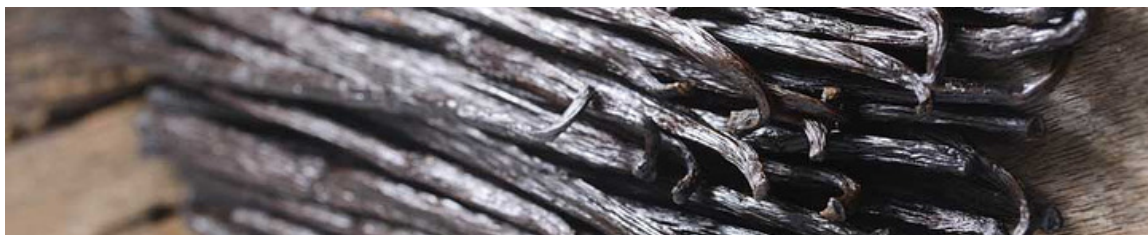


HOW DOES THE VANILLA INDUSTRY SOLVE TODAY'S CRISIS?

The nature of the vanilla market is predictable; when prices are high there will naturally be an increase of production from Madagascar and other origins around the world. The extra supply is coming, it is just a matter of time for the supply to outweigh demand and we will move into the next bust cycle. However this will not solve the problem, just continue the boom and bust cycle we have experienced since 1996.

A number of companies in the vanilla business are trying to come up with solutions to the long term issues. The challenges are many and compacted by the remote and difficult growing areas. Rodelle realizes a long term commitment on the ground will be necessary to have any real impact.

Rodelle believes the solutions are not complex, but also not easy to execute, and center on creating more transparent and secure vertical supply chains. There needs to be a shift within the industry to develop more traceable supply, and allow the farmers long term financial security in growing high quality vanilla through both boom and bust cycles. By supporting the farming networks and providing them long term price security to ensure a sustainable living wage, Rodelle can help vanilla farmers focus on their plantations and revive quality. This will aid in preventing future supply shortages with a more predictable output of quality product.



WHAT IS RODELLE DOING?

Rodelle has established an office on the ground in the SAVA region of Madagascar and is working directly with farmers and a farmers' co-op, SAHANALA, to develop a sustainable supply network. While we are at the early stages of this project, we are committed to making a long term difference to the area that provides 85% of the world's supply of vanilla.

The last 20+ years has seen the Madagascan vanilla industry move into a boom and bust cycle, which is having considerable impact on all stakeholders in the industry. It is the responsibility of the industry to develop better practices to move away from this volatile cycle. Simple technological systems, financial arrangements and incentives, and more effective farming and collection processes will allow a restructuring of the current industry. Rodelle's objective is to increase trace-ability, transparency, and support structures to ensure a more consistent supply and quality of vanilla. We encourage you to follow along at www.RodelleKitchen.com.



SAHANALA

MADAGASCAR

