

AGWAY, INC. EMPLOYEES' 401(K) THRIFT INVESTMENT PLAN Q&A

1. WHAT WILL THE ULTIMATE RECOVERY BE FOR THE FUNDS HELD IN THE COMPANY SECURITY FUND?

While the exact ultimate recovery is unknown at this time, participants in the Company Security Fund (CSF) receive recoveries from two sources:

- Bankruptcy Distributions
- Litigation Settlement Proceeds

Following Agway's bankruptcy, a special fiduciary appointed to oversee the CSF commenced a number of lawsuits, seeking to recover monies on behalf of the CSF participants. Some of the lawsuits have resulted in the receipt of settlement proceeds by the CSF. These proceeds, net of expenses and required reserves, have been distributed to CSF participants.

The last pending lawsuit involving the CSF was settled in October 2008 and the proceeds from that settlement have been received by the CSF. The current distribution includes your distributable share of the settlement proceeds. No further litigation proceeds are expected to be received by the CSF. Only bankruptcy distributions are expected to be received by the CSF after the current distribution.

The total recovery to date for **BOTH** litigation settlement proceeds and bankruptcy distributions is approximately 70% of the total CSF account balance.

2. WHEN WILL THE NEXT DISTRIBUTION FROM THE COMPANY SECURITY FUND OCCUR?

The next transfer from the CSF, into the Cash Fund, is scheduled for February 2009. Checks will be cut and mailed starting April 2, 2009.

3. IS THIS THE LAST DISTRIBUTION THAT I WILL RECEIVE?

No. While future bankruptcy distributions are not guaranteed, the Liquidating Trust does expect to make future additional distributions. The timing and amount of any future distributions is unknown.

4. DO I NEED TO COMPLETE AND RETURN THE DISTRIBUTION REQUEST FORM?

Possibly. Generally, you only need to fill out the Distribution Request form once. When future distributions are made, the Plan will follow the instructions you provided with your most recent distribution election. If you are filling out the form for the first time, we will use these instructions for all future distributions.

The Distribution Request form must be completed and returned in any of the following instances:

- You have not received a distribution since October 2004
- Your last distribution was a cash payment and you wish to change to a rollover payment
- Your last distribution was a rollover payment and you wish to change to a cash payment
- You wish to continue with a rollover payment, but the name of your financial institution has changed.

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5. CAN MY ROLLOVER CHECK BE SENT DIRECTLY TO MY ADVISOR OR THE ROLLOVER INSTITUTION OF MY CHOICE?

No. The Rollover check will be made out to your rollover institution for your benefit. (For example, the check would be made out to "Financial Institution XYZ FBO John Doe". 'FBO' stands for 'For Benefit Of'.) The rollover check will be mailed to your home address, and it is your responsibility to deliver the check to your rollover institution.

6. DO I NEED MY ACCOUNT NUMBER TO COMPLETE THE FORM FOR A ROLLOVER?

No. We just need the name of the financial institution.

7. HOW ARE AFTER TAX CONTRIBUTIONS HANDLED IN THE DISTRIBUTION?

If you request that a cash distribution be made payable directly to you, then the after-tax and pre-tax funds will be sent to you in one check, but tax will be withheld on the pre-tax portion only.

If you requested a rollover, then your distribution will be sent to you in two checks. Your after-tax contributions (if any) will be sent in a check made payable to you. (There is no tax or penalty owed on the after-tax distribution, and the distribution may be eligible for rollover by you). All pre-tax monies, (which includes the **investment growth on after-tax contributions**, Agway matching funds, and your pre-tax contributions) will be included in the rollover check, which will be made payable to your rollover institution for your benefit.

Note: There has been some confusion concerning the amount of money that is actually considered 'after-tax'. The quarterly statements show an amount that includes the actual after-tax contributions made by the participant, as well as the investment growth on those contributions. When a rollover is requested, the investment growth is considered 'pre-tax' money, and is included in the rollover funds.

8. CAN I ROLLOVER MY MONEY INTO MORE THAN ONE ACCOUNT?

No. While we have tried to accommodate this request in the past, it is now impossible for us to do so. We can make rollover distributions to only one financial institution.

9. HOW CAN I CHECK ON THE STATUS OF MY DISTRIBUTION?

There is no way to check on the status of your request. Due to the bankruptcy proceedings and wind-down activities, the remaining staff is significantly reduced.

Generally, we ask that you wait at least three weeks from the time we may have received your request before inquiring about your check. Please do not have your financial advisor or banking institution call for a status.

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10. IF I REQUEST A DISTRIBUTION THROUGH BENEFITS EXPRESS (THE AUTOMATED PHONE SYSTEM) DO I STILL NEED TO SEND IN THE DISTRIBUTION REQUEST FORM?

No. The *Benefits Express* system will process your request automatically. Remember – only direct cash payments to participants can be requested through *Benefits Express*. Rollover requests must be made using the enclosed Distribution Request form.

11. HOW CAN I UTILIZE BENEFITS EXPRESS TO CHECK ON MY AVAILABLE BALANCES?

When calling *Benefits Express*, **do not select** the options entitled 'Amount Available for Withdrawal'. "Withdrawal" is the term used to describe a distribution made to a participant still working for Agway. You will always hear "0" if you select 'Amount Available for Withdrawal'.

To determine the amount of your distribution, select the prompt entitled "Balances By Fund". The balance in your "Cash Fund" is the amount that will be distributed to you.

12. MY "STATUS" SHOWS AS TERMINATED ON MY THRIFT PLAN STATEMENT – WHAT DOES THIS MEAN?

This means that your employment status with Agway is terminated/separated. This does not mean that you are terminated from the Thrift Plan. Your status as a Thrift Plan participant remains active as long as you have funds in your account.