



AGWAY LIQUIDATING TRUST, PO BOX 4933, SYRACUSE, NY 13221-4933

February 20, 2009

Dear Thrift Plan Participant:

The purpose of this letter is to provide you with important information about your interest in the Company Security Fund portion of the Agway, Inc. Employees' 401(k) Thrift Investment Plan (the "Plan").

As described in more detail in our letter dated October 5, 2004¹, the Company Security Fund will receive periodic distributions from the Agway Liquidating Trust (pursuant to Agway's court-approved Plan of Liquidation). The distributions represent payments for a portion of the face amount of Agway debt securities held in the Company Security Fund.

The liquidation distributions (and other amounts) received by the Company Security Fund, net of expenses and reserves, will be allocated to the accounts of all participants who have an unpaid interest in the Company Security Fund. The allocated amounts will then be transferred to each affected participant's Cash Fund under the Plan so that the amounts can be withdrawn. The seventh distribution, allocation and transfer of funds is expected to be completed on or about February 20, 2009. Distribution checks will be cut and mailed starting April 2, 2009.

If you previously elected to have 100% of your available Plan benefit paid to you (or rolled over to an IRA or another plan), or if you previously elected to leave 100% of your available Plan benefit in the Plan, then your previous election will be applied to this seventh distribution, allocation and transfer.

If you want this distribution to be processed exactly the same as your previous distribution (see below), you do not have to file any more forms or take any other action at this time. Important Note: If your last distribution was a rollover and you have changed financial institutions since that distribution, you must complete the enclosed Distribution Request form. Your form must be received at the Agway Liquidating Trust office by March 23, 2009.

If you previously elected to have only a portion of your available Plan benefit paid to you (or rolled over), then you must make an affirmative election to have any portion of this seventh distribution, allocation and transfer paid to you. If you do not make an affirmative distribution election, your allocated share of the seventh liquidating distribution will be held for you in the Plan.

If you want this distribution to be processed differently than the your previous distribution, you must complete the enclosed Distribution Request form. Your form must be received at the Agway Liquidating Trust office by March 23, 2009.

Regardless of your prior election (including an election to do nothing), you can change (or make) your cash distribution election by calling *Benefits Express*[™] at 1-877-SAVE-401(k) (or 1-877-728-3401) no later than 4:00 PM EDT on March 27, 2009. ***Benefits Express*[™] can be used for cash distribution requests only. You must fill out a Distribution Request form to request a Rollover.**

In deciding whether to withdraw some or all of your available Plan benefits, you should keep in mind that you may request a distribution of all of your Plan benefits (other than the Company Security Fund) at any time. You do not have to wait for all of Company Security Fund monies to be received and allocated before you request a distribution of all other available benefits. Even if you request a distribution of all other benefits, your share of future Company Security Fund distributions will still be made available to you. Also keep in mind that the Plan, as a whole, continues to get smaller, both in terms of the number participants who still have benefits in the Plan and in terms of the total assets held by the Plan. As the Plan gets smaller, it is possible that each participant's share of the expenses for maintaining the Plan will increase and reduce the account balances of remaining participants. Every effort is being made to minimize the expenses that will be passed on to remaining participants, but you should consider the possibility that each participant's share of Plan expenses will increase.

¹ You can find this letter at www.agwaylt.com

If you have not made a previous request for a distribution of your entire share of allocated amounts, but would like to do so now, you will have to decide how the amounts should be paid to you. Your distribution options are described below. It is important to consider your retirement planning needs as well as the tax implications involved with your distribution options before you make an election.

Distribution Options

You will have options of what to do with the distribution:

- **Roll over your distribution to an IRA or another tax-qualified plan.** This option could help preserve your retirement savings and avoid a potential 10% Federal excise tax (penalty) if you are under age 59½. Rollover IRAs are available through local banks and credit unions. If you are employed by a company that has a 401(k) plan, your employer's plan may accept rollovers. A Distribution Request form has been included for your convenience. **You must complete the Distribution Request form to request a rollover. *Benefits Express*™ cannot be used for this type of distribution.**
- **Take your distribution in cash.** You can elect to have your distribution paid to you in cash. You will have to pay income tax on the taxable portion. If you are under age 59½, you also may have to pay a 10% Federal excise tax (penalty). To take a cash distribution call *Benefits Express*™ and select Option 5 – “Payment Options”. Then choose Option 1 – “Distributions”, then Option 1 – “Settlements”.

Decision-Making Resources

To help you make your decisions, use the enclosed materials:

- **Payment Rights Notice.** This provides information on the tax ramifications of taking your distributions in cash as opposed to rolling over your distribution into another tax-qualified vehicle.
- **Distribution Request form.** This facilitates the process of taking a cash distribution, or rolling over your payment into an IRA or another employer's tax-qualified plan.
- **Q&A Document.** This document provides answers to a number of questions frequently asked about the Company Security Fund and the distribution of amounts in that fund.

Making Your Decision

You can make or change your cash distribution election by calling *Benefits Express*™ at 1-877-SAVE-401(k) (or 1-877-728-3401), or you can make or change your rollover distribution or cash distribution by returning a properly completed Distribution Form to the Agway Liquidating Trust.

If you have any questions, please call the Agway Liquidating Trust at (800) 738-7823. Due to staffing limitations you will be asked to leave a message. Someone will return your call as quickly as possible.