

AGWAY LIQUIDATING TRUST

Grantor Trust Tax Information Letter

Frequently Asked Questions

The Trustee is prohibited from providing tax advice or instructions as to how to file your tax returns.

However, the following questions and answers explain, in very general terms, the Grantor Trust Tax Information Letter that you recently received.

1. Q – Why am I receiving the Grantor Trust Tax Information Letter?

A – You are a holder of an allowed general unsecured claim in the Agway bankruptcy. Consequently, you are a beneficial owner in the Agway Liquidating Trust and of its assets and claims. The Trust is a grantor trust for federal income tax purposes and is required to furnish annually to the owners certain income tax information and to inform them that they in turn are required to report such information on their federal (and any state and local) income tax returns.

Accordingly, the Tax Letter indicates your share – based upon the records of the Trust – of the income, gains, losses, deductions and credits of the Trust for its taxable year ended December 31, 2004.

You should consult your tax advisor on how to use this information appropriately for your tax situation.

2. *Q – Did I receive this money? Will I receive this money?*

A – No, you did not, nor will you, receive a cash distribution of the specific amounts reported on your Tax Letter. Rather, the Tax Letter sets forth your proportionate share of the tax results of the Trust for calendar year 2004. However, you have received from the Trust, and will continue to receive, distributions of available cash, if any, but those distributions generally will not be the same as the taxable income of the Trust.

3. *Q – What does the information in the Tax Letter have to do with the cash distributions that I have received on my claim?*

A – The tax information furnished on your Tax Letter is independent of any cash distributions that you may have received on your allowed general unsecured claim.

4. *Q – How do I treat the cash distributions that I received for tax purposes?*

A – As noted above, the Trustee is prohibited from providing tax advice or instructions as to how to file your tax returns. Accordingly, it is strongly suggested that you consult your tax advisor as to the appropriate treatment in your individual tax situation of the cash distributions. There is information about Agway's Plan of Liquidation on the website at www.agwaylt.com.

5. *Q – When will I receive my next bankruptcy claim payment or next cash distribution?*

A – We anticipate making bankruptcy claim distributions from the Trust every six months, if there is money to be distributed. However, future distributions are not guaranteed.

6. *Q – Why am I receiving the Tax Letter so late? I have already filed my 2004 tax return.*

A – The Trustee needs a reasonable amount of time after the close of a taxable year to determine accurately the total tax results of the Trust, as well as each owner's allocable share, for that taxable year. Balancing the Trustee's obligations with those of the owners for timely receipt of the tax information, the Liquidating Trust Agreement requires the Trustee to furnish the separate tax information statement to each trust owner no later than March 15th for the taxable year ended the previous December 31st. The Trustee has, with the recent mailing of the Tax Letter for 2004, complied with the terms of the Trust Agreement and expects to continue to do so.

You should consult your tax advisor to determine whether you should file an amended tax return.

7. *Q – Will I receive a Tax Letter next year and, if so, when?*

A – Yes, you will receive a similar Tax Letter for each taxable year that the Trust is in existence. In accordance with the Trust Agreement, the Trustee will issue these letters by March 15th for the previous taxable year ended December 31st.

8. *Q – Will I also receive a Form 1099?*

A – No, the Tax Letter serves as the information statement required under the Trust Agreement and reports, among other items, your share of items, such as interest, received by the Trust that otherwise would be reported to you on one or more Forms 1099.

9. *Q – The Tax Letter (i) is missing my SSN or EIN or (ii) uses an incorrect SSN or EIN or (iii) does not show my correct address . What should I do?*

A – If you provide us with the correct information, it will be properly reflected on next year's Tax Letter.

10. *Q – As a participant in the Agway Thrift Plan, will I be receiving a Tax Letter?*

A – No, as a Thrift Plan participant, you are not a direct claimant in the Agway bankruptcy. Rather, you own shares in the Company Security Fund of the Thrift Plan and it is the Company Security Fund of the Thrift Plan that is the claimant in the Agway bankruptcy. As a result, Mellon Bank, as Trustee and agent of the Thrift Plan, will receive for its allowed unsecured claim a Tax Letter and will treat it appropriately.