

## **Frequently Asked Questions**

### **How does the bankruptcy estate know I have shares in AgFeed?**

Many of you are individual investors and to date we have been unable to identify any institutional investors in AgFeed stock who were shareholders before the filing. As a result the Debtors and the Official Committee are in discussions concerning a separate bar date or some other mechanism to determine when a shareholder was a holder of record. The information available to the Debtors is only a record of who the "registered holder" is; not the "beneficial holder". The registered holder is usually in the name of a broker, bank or nominee by the individual shareholder. That is why some mechanism will need to be established to determine who is a shareholder for purposes of the bankruptcy. This is an ongoing point of discussion and cooperation with the Debtors.

### **Do I have to respond to the current claims bar date as a shareholder?**

The counsel to the Official Committee of Equity Security Holders cannot provide you with individual advice and you should consult your own attorney or counsel in order to get the correct and full analysis to address your individual situation.

That being said, the following information can assist you in understanding the current bar date for unsecured claims.

Under the current bar date order, Docket No. 379, paragraph 10 (j), a shareholder does not need to file a proof of claim if your interest in the Debtor is based on an ownership interest (for example, common or preferred stock, membership or partnership interests or rights to purchase or subscribe to any such interests).

If you have a claim against the estate based on your ownership rights, such as are being asserted under federal or state securities laws or some other contractual or regulatory right, then you would file a proof of claim, just like any other party who believes that the Debtors owe that party money.

The current bar date for creditors (a shareholder with a cause of action separate from the ownership interest in its shares would be a creditor) is November 12, 2013.

### **Why was an objection to my claim filed?**

The Debtors and the Equity Committee have and continue to review the filed proofs of claim. The Debtors have filed objections to certain proofs of claim for a variety of reasons including, but not limited to, that proofs of claim were filed on account of equity interests held by such parties in the applicable Debtor. The Debtors objected to these claims because they were filed by shareholders based solely on ownership of stock and not on account of damages or a claim against the Debtors. This is consistent with the Bar Date Order.

**If my proof of claim was based solely on my ownership of the Debtors' stock is disallowed, will I still be entitled to receive a distribution ?**

The Equity Committee and the Debtors are discussing how to best address doing a distribution to equity security holders, if available. Likely, the distribution will be done in conjunction with payments made to record holders on a date certain who will in turn make distributions to beneficial holders. Information on how the distributions will be made will be included in the final disclosure statement in a package that includes ballots to approve the plan to exit the bankruptcy.

**Do I have shares in AgFeed USA or AgFeed Industries? Is there a difference?**

Shareholders have shares in AgFeed Industries, not AgFeed USA. AgFeed USA was essentially the operating subsidiary of AgFeed Industries which was the parent and holding company in the AgFeed structure. You can find an organizational chart on the docket attached to the affidavit in support of the first day's hearing, Docket No. 4, that details this relationship. You can read the docket for free at <http://www.omnimgt.com/agfeedusa>.

Another place to find the detailed information regarding the Debtors assets and liabilities are in the Debtors' schedules and statement of financial affairs. These are essentially financial statements that have bankruptcy specific categories that are important to anyone trying to assess the company and are available on the docket. In addition, the Debtors are required to file monthly operating reports that detail the status of operations during the bankruptcy. Monthly operating reports ("MORs") are often prepared in accordance with generally accepted accounting principles and should clearly separate those activities related to normal business operations from those related to the chapter 11 reorganization. This information allows interested parties to monitor both the business and the reorganization.

MORs usually include an income statement, balance sheet, and some form of cash receipts and disbursements activity. MORs can also include select operating and financial data including: accounts receivable detail and/or aging; accounts payable detail and/or aging; paid taxes and payable detail; copies of bank statements and/or bank reconciliation; status of payments to secured creditors, lessors, and other parties to executory contracts; insurance coverage details; and a schedule of amounts owed and paid to the U.S. Trustee.

You can search for the schedules, statement of financial affairs, also known as SOFAs, and MORs by using the Equity Committee website links, where you can search the docket for free. <http://www.omnimgt.com/agfeedusa>. We will also be gathering these documents and putting them under "critical documents" shortly.

**How does the AgFeed USA sale affect my potential recovery?**

AgFeed USA and AgFeed Industries are separate companies with separate liabilities. AgFeed USA was required to pay its creditors first, as the estate of each Debtor has not been combined, which would be an extraordinary remedy. Once all its creditors are paid, then the excess funds will flow to AgFeed Industries who have to pay its creditors first. Then, after all the AgFeed Industries creditors are paid, a distribution will be available for shareholders.

We have made the transcript from the 8/29 sale hearing available which details the basis for accepting the winning bid for the AgFeed USA assets. Included is a detailed description of the winning bid and its effect on the liabilities and assets of AgFeed USA. The winning bid was greater in amount (when taking into account proceeds combined with the elimination of liabilities) than the stalking horse bid and subsequent bids from the stalking horse bidder. The good news is that there will be excess funds that will flow to AgFeed Industries and that an update will be provided as to how much when it becomes available. In order for there to be excess funds, liabilities needed to be absorbed by the buyer. The AgFeed USA Sale closed on September 12, 2013 and we are waiting for a final reconciliation from the Debtor which we will share as soon as it is available and available for public posting.

### **How does the sale of the China Assets affect my potential recovery?**

AgFeed Industries, Inc. owns all the stock in the operating entity that controls the China assets. The Debtors have put up for sale the stock of AgFeed Industries (BVI) (a separate legal entity from AgFeed Industries, Inc.) and bids are due for that sale on November 13, 2014. AgFeed Industries (BVI) is not a debtor entity. The opening bid from the proposed purchaser is detailed on the documents filed at Docket No. 331, which is the motion to approve the China stock sale, is currently at \$50.5 million subject to adjustments after further due diligence and negotiation with the Debtors.

### **Why can't we get a clearer picture on the proceeds available for the shareholders?**

The Equity Committee and its professionals do not have an updated waterfall. Any preliminary distribution of information prepared by us or by the Debtors are likely a violation of the securities laws as they are not based on final numbers but projections. The Debtors' business involved live animals and the fulfillment of contracts with those live animals. The winning bid for the AgFeed USA sale requires more time for those animals to be sold and processed with the expectation that there be more proceeds. That has occurred to the best of the Equity Committee's knowledge. We need to wait until the sales of the live animals are closed and the information is no longer prospective or speculative. Closing has occurred but we are waiting for a final report from the Debtors.

The Debtors will need to approve the information we provide in this case because the committee and its professionals are subject to confidentiality and non-disclosure agreements, as well as, securities laws.

We want open communication with the Debtors so that we can work to maximize recovery for the shareholders. Collaboration and transparency are essential to keep costs down and to get the committee involved in a negotiation and not litigation with the Debtors. Negotiation is proving to be and historically is less costly than litigation.

There is also a protective order in this case entered by the Court to allow us to get information from the Debtors without revealing confidential information or information that is material and non-public.

There are links to the public documents on the docket on our website as explained above and through these FAQs that can get you information that has been already approved by the Debtors as it is public.

If you have specific questions, use the inquiry link on our website so that we can review and then clear with the Debtors. These FAQs are a collection of some of the inquiries and the best available response. We will update them as more information is made available to us.