

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 27, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-20539

PRO-FAC COOPERATIVE, INC.

(Exact Name of Registrant as Specified in its Charter)

New York
(State or other jurisdiction of
incorporation or organization)

16-6036816
(IRS Employer
Identification Number)

590 Willow Brook Office Park, Fairport, NY 14450
(Address of Principal Executive Offices) (Zip Code)

Issuer's Telephone Number, Including Area Code (585) 218-4210

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date. As of January 31, 2009.

Common Stock – 1,700,064

FORM 10-Q
For the Quarterly Period Ended December 27, 2008
PRO-FAC COOPERATIVE, INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Unaudited condensed financial statements of Pro-Fac Cooperative, Inc. (“Pro-Fac” or “the Cooperative”) as of December 27, 2008, and for the three and six month periods ended December 27, 2008 and December 29, 2007, are presented on the following pages. The financial statements have been prepared in accordance with the Cooperative’s usual accounting policies, are based, in part, on estimates and reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results of the interim periods.

This Part I also includes management’s discussion and analysis of the Cooperative’s financial condition as of December 27, 2008, and its results of operations for the three and six month periods ended December 27, 2008.

**Pro-Fac Cooperative, Inc.
Condensed Statements of Operations
(Unaudited)**

(Dollars in Thousands)

	Three Months Ended		Six Months Ended	
	December 27, <u>2008</u>	December 29, <u>2007</u>	December 27, <u>2008</u>	December 29, <u>2007</u>
Net sales	\$ 817	\$ 62	\$ 1,148	\$ 909
Cost of sales	<u>(717)</u>	<u>(74)</u>	<u>(1,057)</u>	<u>(912)</u>
Gross profit/(loss)	100	(12)	91	(3)
Gain from transaction with Birds Eye Foods, Inc. and related agreements	0	0	0	1,200
Margin on delivered product	238	105	324	129
Selling, administrative and general expense	(526)	(423)	(980)	(864)
Other income	<u>6</u>	<u>8</u>	<u>28</u>	<u>17</u>
Operating income/(loss)	(182)	(322)	(537)	479
Distribution from Holdings LLC	0	0	0	116,594
Investment income	111	717	267	2,109
Interest expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3)</u>
Income/(loss) before income taxes	(71)	395	(270)	119,179
Income tax benefit	<u>0</u>	<u>590</u>	<u>10</u>	<u>710</u>
Net income/(loss)	<u>\$ (71)</u>	<u>\$ 985</u>	<u>\$ (260)</u>	<u>\$ 119,889</u>

The accompanying notes are an integral part of these condensed financial statements.

Pro-Fac Cooperative, Inc.
Condensed Balance Sheets
(Unaudited)

(Dollars in Thousands)

	ASSETS	
	December 27, <u>2008</u>	June 28, <u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 8,330	\$ 30,397
Investments	5,148	0
Accounts receivable, trade	23,583	12,702
Accounts receivable from Birds Eye Foods, Inc.	8,209	6,559
Due from Farm Fresh First, LLC	0	273
Income taxes receivable	1,042	1,032
Inventory	1,985	1,121
Prepaid expenses and other current assets	<u>140</u>	<u>86</u>
Total current assets	48,437	52,170
Fixed assets, net	10	12
Account receivable from Birds Eye Foods, Inc., long-term	0	155
Investment in Farm Fresh First, LLC	<u>50</u>	<u>50</u>
Total assets	<u>\$ 48,497</u>	<u>\$ 52,387</u>

LIABILITIES AND SHAREHOLDERS' AND MEMBERS' SURPLUS

Current liabilities:		
Accounts payable	\$ 213	\$ 383
Other accrued expenses	977	253
Due to Farm Fresh First, LLC	1	0
Amounts due members	<u>29,025</u>	<u>21,914</u>
Total current liabilities	<u>30,216</u>	<u>22,550</u>
Commitments and contingencies (Note 5)		
Common stock, par value \$5, authorized - 5,000,000 shares; issued and outstanding 1,700,064 shares	<u>8,500</u>	<u>8,500</u>
Shareholders' and members' surplus:		
Class A cumulative preferred stock, liquidation preference \$25 per share, authorized 10,000,000 shares; issued and outstanding 1,382,952 shares at December 27, 2008 and 1,773,839 shares at June 28, 2008	34,574	44,346
Special membership interests	21,733	21,733
Accumulated deficit	<u>(46,526)</u>	<u>(44,742)</u>
Total shareholders' and members' surplus	<u>9,781</u>	<u>21,337</u>
Total liabilities and shareholders' and members' surplus	<u>\$ 48,497</u>	<u>\$ 52,387</u>

The accompanying notes are an integral part of these condensed financial statements.

Pro-Fac Cooperative, Inc.
Condensed Statements of Cash Flows
(Unaudited)

(Dollars in Thousands)

	Six Months Ended	
	December 27, <u>2008</u>	December 29, <u>2007</u>
Cash Flows from Operating Activities:		
Net income/(loss)	\$ (260)	\$ 119,889
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation	2	2
Gain from transaction with Birds Eye Foods, Inc. and related agreements	0	(1,200)
Change in assets and liabilities:		
Investments	(5,148)	(12,312)
Accounts receivable	(12,103)	(3,202)
Inventory	(864)	(2,191)
Accounts payable and other accrued expenses	555	1,473
Accrued income taxes	(10)	(710)
Accrued interest expense	0	(88)
Amounts due members	7,111	4,634
Other assets	<u>(54)</u>	<u>(221)</u>
Net cash provided by/(used in) operating activities	<u>(10,771)</u>	<u>106,074</u>
Cash Flows from Investing Activities:		
Proceeds from Termination Agreement with Birds Eye Foods, Inc.	0	2,000
Distribution from Holdings LLC classified as a return of capital	<u>0</u>	<u>3,524</u>
Net cash provided by investing activities	<u>0</u>	<u>5,524</u>
Cash Flows from Financing Activities:		
Repayment of long-term debt	0	(1,000)
Redemption of retained earnings allocated to members	0	(6,771)
Cash dividends paid	(1,524)	(7,512)
Redemption of preferred stock	<u>(9,772)</u>	<u>(79,576)</u>
Net cash used in financing activities	<u>(11,296)</u>	<u>(94,859)</u>
Net change in cash and cash equivalents	(22,067)	16,739
Cash and cash equivalents at beginning of period	<u>30,397</u>	<u>4,582</u>
Cash and cash equivalents at end of period	<u>\$ 8,330</u>	<u>\$ 21,321</u>

The accompanying notes are an integral part of these condensed financial statements.

PRO-FAC COOPERATIVE, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Pro-Fac Cooperative, Inc. ("Pro-Fac" or the "Cooperative") is a New York agricultural cooperative corporation operating in one segment, the marketing of crops grown by its members.

Basis of Presentation: The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information required by GAAP for complete annual financial statement presentation.

In the opinion of management, all adjustments (consisting only of normal and recurring adjustments) necessary for a fair presentation of the results of operations have been included in the accompanying unaudited condensed financial statements. Operating results for the interim period ended December 27, 2008, are not necessarily indicative of the results to be expected for other interim periods or the full fiscal year. These financial statements should be read in conjunction with the consolidated financial statements and accompanying notes contained in the Pro-Fac Cooperative, Inc. Form 10-K for the fiscal year ended June 28, 2008.

Cash and Cash Equivalents: Cash and cash equivalents include short-term investments, including money market accounts and commercial paper, with original maturities of three months or less. The Cooperative maintains its cash and cash equivalents in accounts, which, at times, may exceed federally insured limits or may not be federally insured. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Cash and cash equivalents consisted of:

(Dollars in Thousands)	December 27, 2008	June 28, 2008
Checking accounts	\$ 2,277	\$ 4,149
Money market accounts	<u>6,053</u>	<u>26,248</u>
	<u>\$ 8,330</u>	<u>\$ 30,397</u>

Investments: The Cooperative invests in commercial paper and bonds that are bought and held principally for the purpose of selling them in the near future. These investments are classified as trading securities and are recorded in current assets at fair value as determined from quoted prices in active markets for identical assets (Level 1) on the balance sheet date. The change in fair value during the period is included in investment income in the Cooperative's condensed statement of operations.

Investments are summarized as follows at December 27, 2008:

(Dollars in Thousands)	Cost	Unrealized Gain	Fair Value
Bonds	<u>\$ 5,123</u>	<u>\$ 25</u>	<u>\$ 5,148</u>

Investment in Birds Eye Holdings, LLC: The Cooperative accounts for its investment in Birds Eye Holdings LLC ("Holdings LLC"), a Delaware limited liability company and indirect parent company of Birds Eye Foods, Inc. ("Birds Eye Foods") under the cost method of accounting. Under the cost method, distributions of earnings are reported as income and distributions that represent a return of capital reduce the carrying value of the investment, but not below zero. As a result of a \$120.1 million distribution received from Holdings LLC during the first quarter of fiscal year 2008, Pro-Fac's recorded investment in Holdings LLC was reduced to zero. However, Pro-Fac continues to own an approximate 40% interest in Holdings LLC through its ownership of Class B common units.

Investment in Farm Fresh First, LLC: Pro-Fac owns a 5.55% membership interest in Farm Fresh First, LLC ("Farm Fresh") and has entered into an agricultural services agreement with Farm Fresh. Under the services agreement, Farm Fresh provides Pro-Fac with agricultural and administrative services and acts as Pro-Fac's exclusive sales agent for the sale of agricultural products grown by Pro-Fac member-growers located in New York State, which are not subject to existing supply agreements. Certain members of Pro-Fac own the majority of the membership interests of Farm Fresh either directly or indirectly through entities owned or controlled by them, including three members of Pro-Fac's Board of Directors who own their interests indirectly through affiliated entities and who serve as directors on the Farm Fresh board of directors. Pro-Fac accounts for this investment using the cost method. Accordingly, distributions of earnings are reported as income and distributions that represent a return of capital reduce the carrying value of the related investment. No distributions were received in the first six months of fiscal year 2009. Pro-Fac received a \$10,000 distribution from Farm Fresh during the first six months of fiscal year 2008, which was reported as income. On January 30, 2009, Pro-Fac received a \$35,000 distribution from Farm Fresh.

Income Taxes: The Cooperative qualifies for tax exempt status as a farmers' cooperative under Section 521 of the Internal Revenue Code. Exempt cooperatives are permitted to reduce or eliminate taxable income through the use of special deductions such as dividends paid on its common and preferred stock and distributions of patronage income. The Cooperative intends to surrender its tax exempt status effective for fiscal year 2009. This action is not expected to have a material impact on Pro-Fac's operations or income tax liabilities.

During the first quarter of fiscal year 2008, Pro-Fac received a \$120.1 million distribution from Holdings LLC pursuant to the terms of the Limited Liability Company Agreement. Approximately \$10.1 million of the amount received is expected to be a taxable dividend, subject to the qualified dividends received deduction, with the remaining amount representing a return of capital.

The Cooperative's tax basis of its investment in Holdings LLC at June 28, 2008 was \$76.4 million. A deferred income tax asset has not been recognized on the estimated excess of the tax basis over the recorded financial statement value of Pro-Fac's investment in Holdings LLC at December 27, 2008. This asset would only be realized upon the sale of Pro-Fac's investment based on the proceeds received or receipt of a distribution representing a return of capital, neither of which was expected to occur in the foreseeable future.

New Accounting Pronouncements: In September 2006, the FASB issued SFAS No. 157 ("SFAS 157"), "Fair Value Measurements." SFAS 157, as amended, defines fair value, establishes a framework for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. However, on December 14, 2007, the FASB issued proposed FSP FAS 157-2 which delays the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008. Accordingly, the Cooperative's adoption of this standard in the first quarter of fiscal year 2009 is limited to financial assets and liabilities and did not have a material effect on the Cooperative's financial condition or results of operations. The assets affected by the adoption of SFAS 157 were investments which had a fair value of \$5.1 million at December 27, 2008. The Cooperative is currently evaluating the impact of this standard with respect to its effect on nonfinancial assets and liabilities and has not yet determined the impact, if any, that it will have on the financial statements upon full adoption in the first quarter of fiscal year 2010.

In October 2008, the FASB issued and made effective FASB Staff Position (FSP) SFAS 157-3, "Determining the Fair Value of a Financial Asset when the Market for That Asset is Not Active." FSP 157-3 clarifies the application of SFAS No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The adoption of FSP 157-3 did not have a material effect on the Company's financial statements.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 permits companies to elect to follow fair value accounting for certain financial assets and liabilities in an effort to mitigate volatility in earnings without having to apply complex hedge accounting provisions. The standard also establishes presentation and disclosure requirements designed to facilitate comparison between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning on or after November 15, 2007. The Cooperative has not elected to adopt the fair value option method permitted by SFAS No. 159.

NOTE 2. AGREEMENTS WITH BIRDS EYE FOODS

In connection with the Transaction, Birds Eye Foods and Pro-Fac entered into several agreements, including the following:

Termination Agreement: Pro-Fac and Birds Eye Foods entered into the Termination Agreement, pursuant to which the 1994 marketing and facilitation agreement between Pro-Fac and Birds Eye Foods was terminated and, in consideration of such termination, Birds Eye Foods agreed to pay Pro-Fac a termination fee of \$10.0 million per year for five years provided that certain ongoing conditions were met, including maintaining grower membership levels sufficient to generate certain minimum crop supply. All of the conditions were met and a final \$2.0 million installment was received on July 3, 2007.

Amended and Restated Marketing and Facilitation Agreement: Birds Eye Foods, a significant Pro-Fac customer, buys mainly fruits from Pro-Fac pursuant to the terms of the Amended and Restated Marketing and Facilitation Agreement dated August 19, 2002 between Pro-Fac and Birds Eye Foods. Birds Eye Foods pays Pro-Fac the commercial market value (“CMV”) of the crops supplied to Birds Eye Foods in installments corresponding to the dates payment is made by Pro-Fac to its members for the delivered crops. Birds Eye Foods also provides Pro-Fac services under the Amended and Restated Marketing and Facilitation Agreement relating to planning, consulting, sourcing and harvesting crops from Pro-Fac members.

Limited Liability Company Agreement of Holdings LLC: Pro-Fac and Vestar are parties to the Limited Liability Company Agreement. While Birds Eye Foods is not a party to the Limited Liability Company Agreement, it contains terms and conditions relating to the management of Holdings LLC and its subsidiaries (including Birds Eye Foods), the distribution of profits and losses and the rights and limitations of members of Holdings LLC. The Limited Liability Company Agreement provides, among other things, that Holdings LLC’s distributable assets, which include cash receipts from operations, investing and financing, net of expenses, will be distributed to Holdings LLC’s members as determined by Holdings LLC’s management committee. Further, the Limited Liability Company Agreement provides that, subject to restrictions contained in any financing arrangements of Holdings LLC or its subsidiaries (including Birds Eye Foods), after August 19, 2007 and prior to a sale (or dissolution) of Holdings LLC, Holdings LLC will use commercially reasonable efforts to cause Birds Eye Foods to distribute annually to Holdings LLC up to \$24.8 million of cash flow from the operations of Birds Eye Foods, which Holdings LLC would then distribute to the holders of its common units. Under the Limited Liability Company Agreement, Holdings LLC is only required to provide Pro-Fac with annual financial statements of Holdings LLC within 120 days after the close of a fiscal year and to provide financial statements of Birds Eye Foods to the extent received. Any financial information received is subject to confidentiality provisions that preclude public disclosure.

NOTE 3. DEBT

Credit Agreement: Birds Eye Foods and Pro-Fac entered into a credit agreement, dated August 19, 2002, which was amended on March 28, 2007 (the “Credit Agreement”) and which expired on November 27, 2007, pursuant to which Birds Eye Foods had agreed to make available to Pro-Fac loans in an aggregate principal amount of up to \$5.0 million. At June 30, 2007, Pro-Fac owed \$1.1 million, including accrued interest, under the Credit Agreement with Birds Eye Foods. Pro-Fac repaid this amount during the quarter ended September 29, 2007. No further amounts are owed to Birds Eye Foods or can be borrowed under the Credit Agreement.

Lines of Credit: The Cooperative may borrow up to \$2.0 million from M&T Bank under the terms of the M&T Line of Credit. As of December 27, 2008, no amount was outstanding under the M&T Line of Credit. Principal amounts borrowed bear interest at 75 basis points above the prime rate of M&T Bank (prime rate was 3.25% at December 27, 2008) in effect on the day proceeds are disbursed. Interest is payable monthly. Amounts extended under the M&T Line of Credit are required to be repaid in full during each year by July 15, with further borrowings prohibited for a minimum of 60 consecutive days after such repayment. The Cooperative's obligations under the M&T Line of Credit are secured by a security interest granted to M&T Bank in substantially all of the assets of the Cooperative, excluding its Class B common units owned in Holdings LLC. The collateral does include any distributions made in respect of the Class B common units or cash payments made by Birds Eye Foods to the Cooperative.

Pro-Fac is a member of another cooperative that markets cherries. As a member of the cooperative, Pro-Fac has entered into a loan agreement with the cooperative that allows Pro-Fac to borrow up to \$5.0 million at the cooperative’s cost of funds to finance costs related to the cherry inventory including purchase, packing and processing costs. Any borrowing cannot exceed the collateral value of inventory owned by Pro-Fac held by the cooperative. At December 27, 2008, Pro-Fac had borrowing capacity of approximately \$0.7 million; no amounts were outstanding.

NOTE 4. COMMON STOCK AND CAPITALIZATION

The following table illustrates the Cooperative's shares authorized, issued, and outstanding at December 27, 2008.

	Par Value	Shares Authorized	Shares Issued And Outstanding
Common Stock	\$ 5.00	5,000,000	1,700,064
Non-Cumulative Preferred Stock	\$ 25.00	5,000,000	0
Class A Cumulative Preferred Stock	\$ 1.00	10,000,000	1,382,952
Class B Cumulative Preferred Stock	\$ 1.00	9,500,000	0
Class B, Series I 10% Cumulative Redeemable Preferred Stock	\$ 1.00	500,000	0
Class C Cumulative Preferred Stock	\$ 1.00	10,000,000	0
Class D Cumulative Preferred Stock	\$ 1.00	10,000,000	0
Class E Cumulative Preferred Stock	\$ 1.00	10,000,000	0

In the event of liquidation, the relative preference of Pro-Fac's outstanding securities is as follows: first retains (which are described below), then cumulated dividends on the Cooperative's Class A cumulative preferred stock, then all classes of preferred stock, pari passu (at a liquidation preference of \$25.00 per share), then common stock (at par value) and, finally, special membership interests (which are described below).

While the Cooperative presently has no plans to liquidate, if liquidation were to occur, the order of redemption and the amount required to fully redeem each class outstanding, at December 27, 2008, is as follows:

(Dollars in Thousands)	Amount Required to Fully Redeem
Class A Cumulative Preferred Stock	\$ 34,574
Common Stock	8,500
Special Membership Interests	21,733
	<u>\$ 64,807</u>

Retained Earnings Allocated to Members ("Retains"): Retains arise from patronage income and are allocated to the accounts of members within 8 1/2 months of the end of each fiscal year. For the six month periods ended December 27, 2008 and December 29, 2007, no patronage income was retained. Qualified retains are taxable income to the member in the year the allocation is made.

During the first quarter of fiscal year 2008, the Cooperative redeemed all outstanding retains for approximately \$6.8 million using proceeds of the \$120.1 distribution received in July 2007 from Holdings LLC.

Preferred Stock: All preferred stock outstanding originated, directly or indirectly, from the conversion at par value of retains at the discretion of Pro-Fac's Board of Directors. Preferred stock is generally non-voting, except that the holders of preferred stock are entitled to vote on those matters specifically required by law.

Pro-Fac's Class A cumulative preferred stock is listed under the symbol PFACP on the Nasdaq Capital Market and has a dividend rate of \$1.72 per share annually, payable in four quarterly installments of \$.43 per share; cumulative, if not paid.

On October 31, 2008, Pro-Fac redeemed 390,887 shares of its Class A cumulative preferred shares at a price of \$25.00 per share for an aggregate redemption cost of approximately \$9.8 million.

During the first six months of fiscal year 2009, Pro-Fac paid cash dividends totaling \$1.5 million on the Class A cumulative preferred stock. On January 31, 2009, the Cooperative paid a cash dividend of \$0.43 per share on the Class A cumulative preferred stock totaling approximately \$0.6 million.

The Board of Directors periodically evaluates Pro-Fac's business plan. There can be no assurances that Pro-Fac will pay dividends after January 31, 2009. The declaration of any future dividends is subject to Board action in advance of any such declaration based upon all of the facts and circumstances at such time.

Common Stock: The Cooperative's common stock is owned by its members. The number of shares of common stock owned by a Pro-Fac member-grower is based upon the quantity and type of crops to be marketed through Pro-Fac by the member-grower. If a member-grower ceases to be a producer of agricultural products that are marketed through the Cooperative, then the member-grower must sell its shares of Pro-Fac common stock to another grower that is acceptable to the Cooperative. Additionally, member-growers desiring to adjust quantities of crops marketed through Pro-Fac may either offer to sell or purchase shares of Pro-Fac common stock.

In January 2003, the Pro-Fac Board of Directors suspended the payment of dividends on the Cooperative's common stock for an indefinite period of time. In January 2006, the Board placed a moratorium on Pro-Fac's repurchase of shares of its common stock from its member-growers. Any repurchase by Pro-Fac of its common stock is subject to pre-approval by the Board.

Special Membership Interests: In conjunction with the Transaction, special membership interests were allocated to the then current and former members of Pro-Fac who had made patronage deliveries to or on behalf of Pro-Fac in the six fiscal years ended June 29, 2002, in proportion to the patronage deliveries made by those members during that six fiscal year period.

Accumulated Deficit: Accumulated deficit consists of accumulated income and losses after distribution of earnings allocated to members and dividends.

NOTE 5. OTHER MATTERS

Legal Matters: The Cooperative is party to legal proceedings from time to time in the normal course of its business. In the opinion of management, any liability that might be incurred upon the resolution of these proceedings will not, in the aggregate, have a material adverse effect on the Cooperative's business, financial condition, or results of operations. Further, no such proceedings are known to be contemplated by any governmental authorities. The Cooperative maintains general liability insurance coverage in amounts deemed to be adequate by its Board of Directors.

Indemnifications: From time to time, in the ordinary course of its business, Pro-Fac has, or may, enter into agreements with its customers, suppliers, service providers and business partners which contain indemnification provisions. Generally, such indemnification provisions require the Cooperative to indemnify and hold harmless the indemnified party(ies) and to reimburse the indemnified party(ies) for claims, actions, liabilities, losses and expenses in connection with any personal injuries or property damage resulting from any Pro-Fac products sold or services provided. Additionally, the Cooperative may from time to time agree to indemnify and hold harmless its providers of services from claims, actions, liabilities, losses and expenses relating to their services to Pro-Fac, except to the extent finally determined to have resulted from the fault of the provider of services relating to such services. The level of conduct constituting fault of the service provider will vary from agreement to agreement and may include conduct which is defined in terms of negligence, gross negligence, willful misconduct, omissions or other culpable behavior. The term of these indemnification provisions are generally not limited. The maximum potential future payments that the Cooperative could be required to make under these indemnification provisions are unlimited and are not determinable at this time, as any future payments would be dependent on the type and extent of the related claims, and all relevant defenses to the claims, which are not estimable. Historically, costs incurred to resolve claims related to these indemnification provisions have not been material to the Cooperative's financial position, results of operations or cash flows.

The Cooperative has by-laws, policies, and agreements under which it indemnifies its directors and officers from liability for certain events or occurrences while the directors or officers are, or were, serving at Pro-Fac's request in such capacities. Pro-Fac indemnifies its officers and directors to the fullest extent allowed by law. The maximum potential amount of future payments that the Cooperative could be required to make under these indemnification provisions is unlimited, but would be affected by all relevant defenses to the claims.

As part of the Transaction, Pro-Fac agreed to indemnify Birds Eye Foods for certain environmental liabilities. This obligation, however, is only triggered once the aggregate of all liabilities subject to indemnification under the Unit Purchase Agreement (including those unrelated to environmental matters) exceeds \$10 million.

As of the date of this Report, Pro-Fac does not expect to be required to perform under the indemnifications described above.

Related Party Transactions: Substantially all crop purchases are from member-growers of the Cooperative. For fiscal year 2008, approximately 29 percent of all crops purchased by Pro-Fac from its members were sold to Birds Eye Foods, an indirect subsidiary of Holdings LLC.

Pro-Fac is a party to an agricultural services agreement with Farm Fresh, a limited liability company, in which Pro-Fac owns a 5.55% membership interest. Under the services agreement, Farm Fresh provides Pro-Fac with agricultural and administrative services and acts as Pro-Fac's exclusive sales agent for the sale of agricultural products grown by Pro-Fac member-growers located in New York State, which are not subject to existing supply agreements. Certain members of Pro-Fac own the majority of the membership interests of Farm Fresh either directly or indirectly through entities owned or controlled by them. Included are three members of Pro-Fac's Board of Directors, Peter Call, president of Pro-Fac's Board, Kenneth Mattingly and James Vincent, who are each indirect owners of 5.55% of the membership interest of Farm Fresh (total 16.65%) through affiliated entities. Messrs. Call, Mattingly and Vincent serve on the board of directors of Farm Fresh, and Mr. Call serves as chairman.

During the six months ended December 27, 2008 and December 29, 2007, Pro-Fac paid Farm Fresh approximately \$117,000 and \$106,000, respectively, for services provided. Farm Fresh paid Pro-Fac \$18,000 and \$15,000, respectively, for consulting services provided by Pro-Fac during the same periods. At December 27, 2008, Pro-Fac owed approximately \$1,000 to Farm Fresh. At June 28, 2008, Farm Fresh owed Pro-Fac approximately \$273,000.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS AND RISK FACTORS

From time to time, Pro-Fac or persons acting on behalf of Pro-Fac may make oral and written statements that may constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) or by the Securities and Exchange Commission (“SEC”) in its rules, regulations, and releases. The Cooperative desires to take advantage of the “safe harbor” provisions in the PSLRA for forward-looking statements made from time to time, including, but not limited to, the forward-looking information contained in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this Report and other statements made in this Report and in other filings with the SEC.

The Cooperative cautions readers that any such forward-looking statements made by or on behalf of the Cooperative are based on management’s current expectations and beliefs, all of which could be affected by the uncertainties and risk factors described below. The Cooperative’s actual results could differ materially from those expressed or implied in the forward-looking statements. The risk factors that could impact the Cooperative include:

- The Cooperative’s most significant asset is its investment in Holdings LLC. Holdings LLC is not a reporting company under the Securities Exchange Act of 1934 (the “1934 Act”) and, accordingly, does not file annual reports on Form 10-K, quarterly reports on Form 10-Q or other periodic reports with the SEC. Moreover, while the Limited Liability Company Agreement requires that Holdings LLC provide Pro-Fac with annual financial statements of Holdings LLC within 120 days after the close of a fiscal year and, to the extent received by Holdings LLC, financial statements of Birds Eye Foods, any financial information received pursuant to the Limited Liability Company Agreement is subject to confidentiality provisions that preclude public disclosure. Accordingly, the holders of shares of Pro-Fac capital stock do not have access to information about Holdings LLC or its indirect, wholly-owned subsidiary, Birds Eye Foods, their financial condition and results of operations.
- The Cooperative’s ability to pay dividends is dependent upon available cash, capital surplus and its future earnings. The Cooperative’s principal use of available cash has been the payment of dividends on its preferred stock and the redemption of its securities. In recent years, the \$10.0 million annual receipts under the Termination Agreement have been the principal source of cash for payment of dividends with the final \$2.0 million installment received in July 2007. In July 2007, Pro-Fac received a \$120.1 million cash distribution from Holdings LLC. Although Pro-Fac is a party to the Limited Liability Company Agreement and, as a member of Holdings LLC, is entitled to annual distributions, if made, Holdings LLC has advised Pro-Fac that it will not speculate as to whether further distributions will be made under the Limited Liability Company Agreement. As a minority owner of Holdings LLC, Pro-Fac has no control over the determination of whether such distributions will be made and operates under a business plan that assumes no further distributions will be made.

Using proceeds of the July 2007 distribution from Holdings LLC, the Board of Directors declared and the Cooperative paid dividends on its preferred stock in July and October 2007; January, April, July and October 2008; and January 31, 2009. There can be no assurances that Pro-Fac will pay dividends after the payment on January 31, 2009. The declaration of any future dividends is subject to Board action in advance of any such declaration based upon all of the facts and circumstances at such time.

- In marketing member crops, the Cooperative records accounts receivable from customers and amounts due to members. Contractual arrangements with customers that purchase a majority of member crops provide for customer payment at or before the time that payments are required to be made to members. At times, customer payments have not been received on a timely basis. To date, Pro-Fac has continued to make timely payments to members resulting in a short-term use of Pro-Fac’s cash and investments.

Future variations in cash receipts and any uncollectible accounts receivable will impact Pro-Fac’s working capital. Pro-Fac’s ability to fund these cash requirements is dependent on available cash and investments and borrowing capacity under the terms of available lines-of-credit. Uncollectible accounts receivable, if any, would either be absorbed by Pro-Fac through its available cash and investments or by reducing expenditures or funded through a reduction in CMV paid to members.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this discussion is to outline the reasons for material changes in Pro-Fac's financial condition and results of operations in the second quarter and first six months of fiscal 2009 as compared to the second quarter and first six months of fiscal 2008. This section should be read in conjunction with Part I, Item 1. Financial Statements, of this Report.

OVERVIEW

Since 1960, Pro-Fac has operated as an agricultural cooperative, owned and controlled by its members, to purchase, market, and sell crops grown by its member-growers, for the mutual benefit of its members. The Cooperative's core business focus has not changed in 48 years and its current strategy is to continue its business of purchasing, marketing, and selling its member-grower crops to its customers.

One of the challenges Pro-Fac faces, which is discussed below under "Liquidity and Capital Resources", is the Cooperative's source of available cash to fund its operations and pay its dividends. In recent years, Pro-Fac's primary source of cash to fund its operations and pay dividends was the \$10.0 million in payments it received annually under the Termination Agreement with the final installment of \$2.0 million received in July 2007. Currently, Pro-Fac's primary sources of cash are cash on hand, gross profit and margin on certain sales, interest income and possible distributions, if any, made by Holdings LLC to Pro-Fac under the Limited Liability Company Agreement.

In July 2007, Pro-Fac received a distribution of approximately \$120.1 million from Holdings LLC. Pro-Fac invested the \$120.1 million distribution in high quality, low risk investments pending use of the funds. During the first quarter of fiscal year 2008, Pro-Fac used this distribution to redeem all retained earnings allocated to its members at a cost of approximately \$6.8 million; to pay dividends on its non-cumulative preferred stock and its Class A cumulative preferred stock at a cost of approximately \$5.4 million; and to repay principal and interest owed under its Credit Agreement with Birds Eye Foods in an amount equal to approximately \$1.1 million. During the second quarter of fiscal year 2008, Pro-Fac used this distribution to redeem all of Pro-Fac's non-cumulative preferred stock at a price of \$25.00 per share for an aggregate redemption cost of approximately \$0.7 million; to redeem 3,155,433 shares of its Class A cumulative preferred stock at a price of \$25.00 per share for an aggregate redemption cost of approximately \$78.9 million; and to pay dividends on its preferred stock to the date of redemption at a cost of approximately \$2.1 million. On October 31, 2008, Pro-Fac used this distribution to redeem 390,887 shares of Class A preferred stock at a price of \$25.00 per share for an aggregate redemption cost of approximately \$9.8 million.

The Board of Directors periodically evaluates Pro-Fac's business plan in consideration of Pro-Fac's receipt of the distribution from Holdings LLC in the first quarter of fiscal year 2008 and possible future events.

RESULTS OF OPERATIONS - SECOND QUARTER 2009 COMPARED TO SECOND QUARTER 2008

Net sales, cost of sales and gross profit: Net sales and cost of sales increased in the quarter ended December 27, 2008, as the Cooperative entered into more sales transactions as a principal for its members than in the quarter ended December 29, 2007. Volume and pricing differences resulted in improved gross profit for the quarter ended December 27, 2008.

Margin on delivered product: The Cooperative negotiates certain sales transactions on behalf of its members, which result in margin being earned by the Cooperative. The Cooperative earned \$238,000 in margin during the quarter ended December 27, 2008 and \$105,000 in margin during the quarter ended December 29, 2007. The increase resulted from volume and pricing differences.

Selling, administrative, and general expense: Selling, administrative, and general expenses totaled \$0.5 million and \$0.4 million for the quarters ended December 27, 2008 and December 29, 2007, respectively.

Investment income: Investment income decreased from \$0.7 million for the quarter ended December 29, 2007, to \$0.1 million for the quarter ended December 27, 2008, due to use of the proceeds from the \$120.1 million distribution from Holdings LLC in July 2007 to redeem equity interests in July and October 2007 and October 2008 and pay dividends. Investment income for the quarters ended December 27, 2008 and December 29, 2007, included unrealized gains of approximately \$25,000 and \$22,000, respectively.

Income Taxes: The Cooperative qualifies for tax exempt status as a farmers' cooperative under Section 521 of the Internal Revenue Code. Exempt cooperatives are permitted to reduce or eliminate taxable income through the use of special deductions such as dividends paid on its common and preferred stock and distributions of patronage income. The Cooperative intends to surrender its tax exempt status effective for fiscal year 2009. This action is not expected to have a material impact on Pro-Fac's operations or income tax liabilities.

During the first quarter of fiscal year 2008, Pro-Fac received a \$120.1 million distribution from Holdings LLC pursuant to the terms of the Limited Liability Company Agreement. Approximately \$10.1 million of the amount received is expected to be a taxable dividend, subject to the qualified dividends received deduction, with the remaining amount representing a return of capital.

The Cooperative's tax basis of its investment in Holdings LLC at June 28, 2008 was \$76.4 million. A deferred income tax asset has not been recognized on the estimated excess of the tax basis over the recorded financial statement value of Pro-Fac's investment in Holdings LLC at December 27, 2008. This asset would only be realized upon the sale of Pro-Fac's investment based on the proceeds received or receipt of a distribution representing a return of capital, neither of which is expected to occur in the foreseeable future.

The income tax benefit for the quarters ended December 27, 2008 and December 29, 2007 were based on the Cooperative's estimated effective tax rates for the respective fiscal years applied to the respective quarters.

For fiscal year 2009, the Cooperative expects to generate a net operating loss carry forward for income tax purposes. Realization of the related deferred tax asset is not assured. Accordingly, a valuation allowance has been recorded to offset the deferred tax asset, resulting in a reduction in the effective rate. The Cooperative also generated a loss for income tax purposes in 2008, all of which was carried back to generate refunds of taxes previously paid resulting in the income tax benefit recorded in the quarter ended December 29, 2007.

RESULTS OF OPERATIONS – FIRST SIX MONTHS 2009 COMPARED TO FIRST SIX MONTHS 2008

Net sales, cost of sales and gross profit: Net sales and cost of sales increased in the six months ended December 27, 2008, compared to the six months ended December 29, 2007. Pricing differences accounted for the majority of the improvement in gross profit for the six months ended December 27, 2008.

Gain from transaction with Birds Eye Foods and related agreements: In the first six months of fiscal year 2008, Pro-Fac recognized, approximately \$1.2 million, as additional gain (approximately 60 percent) from the receipt of the final termination payment under the Termination Agreement in July 2007.

Margin on delivered product: The Cooperative negotiates certain sales transactions on behalf of its members, which result in margin being earned by the Cooperative. The Cooperative earned \$324,000 in margin during the first six months of fiscal 2009 and \$129,000 in margin during the first six months of fiscal 2008. Pricing differences accounted for the majority of the improvement in margin for the six months ended December 27, 2008.

Selling, administrative, and general expense: Selling, administrative, and general expenses totaled \$1.0 million and \$0.9 million for the six months ended December 27, 2008 and December 29, 2007, respectively.

Investment income: Investment income decreased from \$2.1 million for the six months ended December 29, 2007 to \$0.3 million for the six months ended December 27, 2008 due to use of the proceeds from the \$120.1 million distributions from Holdings, LLC in July 2007 to redeem equity interests in July and October 2007 and October 2008 and pay dividends. Investment income for the six months ended December 27, 2008 and December 29, 2007, included unrealized gains of approximately \$25,000 and \$22,000, respectively.

Distribution from Holdings LLC: During the first quarter of 2008, Pro-Fac received a distribution of approximately \$120.1 million from Holdings LLC under the Limited Liability Agreement. In accordance with the cost method of accounting for the investment in Holdings LLC, Pro-Fac reduced its investment in Holdings LLC by \$3.5 million to zero with the remaining \$116.6 million of the distribution recorded as income.

Income taxes: The income tax benefit for the six months ended December 27, 2008 is based on the Cooperative's estimated effective tax rate for fiscal year 2009. The Cooperative does not expect to record a deferred tax asset for any expected fiscal year 2009 net operating loss carry forward as realization is not reasonably assured. As a result, a valuation allowance has been recorded to offset the deferred tax asset. The Cooperative recorded a tax benefit of \$0.7 million for the six month period ended December 29, 2007 because the Cooperative expected to have a loss for tax purposes which would be carried back to recover taxes paid in prior periods.

CRITICAL ACCOUNTING POLICIES

“NOTE 1. Description of Business and Summary of Accounting Policies” under “Notes to Condensed Financial Statements” included in Part I, Item 1 of this Report discusses the significant accounting policies of Pro-Fac. Pro-Fac’s discussion and analysis of its financial condition and results of operations are based upon its condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires Pro-Fac’s management to make estimates, judgments and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. On an ongoing basis, Pro-Fac evaluates its estimates.

Certain accounting policies deemed critical to Pro-Fac’s results of operations or financial position are discussed below.

The Cooperative accounts for its investment in Holdings LLC under the cost method of accounting. Under the cost method, distributions of earnings are reported as income and distributions that represent a return of capital reduce the carrying value of the investment, but not below zero. As a result of the \$120.1 million distribution received from Holdings LLC during the first quarter of fiscal year 2008, Pro-Fac’s investment in Holdings LLC was reduced to zero. However, Pro-Fac continues to own an approximate 40% interest in Holdings LLC through its ownership of Class B common units.

A deferred income tax asset has not been recognized on the estimated excess of the tax basis over the recorded financial statement value of the investment in Holdings LLC at December 27, 2008, of approximately \$76.4 million. This potential asset would only be recognized upon the sale of the investment based on the proceeds received or receipt of a distribution representing a return of capital, which was not considered probable at December 27, 2008.

Pro-Fac markets and sells its members’ crops to food processors. Under the provisions of Emerging Issues Task Force Issue No. 99-19, “Reporting Revenue Gross Versus Net as an Agent”, the Cooperative records activity among its customers, itself and its members on a net basis. For transactions in which Pro-Fac acts a principal rather than an agent, sales and cost of sales are reported.

LIQUIDITY AND CAPITAL RESOURCES

Historically, Pro-Fac has had four sources or potential sources of available cash to fund its operating expenses and the payment of its quarterly dividends: (i) cash from its sale of raw products to its customers, (ii) payments received under the Termination Agreement with Birds Eye Foods, (iii) cash distributions related to its investment in Holdings LLC, and (iv) borrowings.

Pro-Fac receives cash payments equal to the CMV of crops sold to Birds Eye Foods, Allens, Inc. and other customers pursuant to the Amended and Restated Marketing and Facilitation Agreement, the Allens supply agreement and other supply agreements. Although CMV payments are considered a potential source of cash to Pro-Fac, Pro-Fac has typically paid 100 percent of CMV to its member-growers for crops delivered and did so in fiscal years 2008 and 2007. Since CMV payments are approximately equal to the cash Pro-Fac receives from its customers for its raw products, CMV payments are not a significant source of available cash from which Pro-Fac can pay operating expenses and quarterly dividends.

While Pro-Fac principally acts as agent for its member-growers in the marketing and sale of crops, Pro-Fac does occasionally engage in crop sales transactions as a principal, resulting in gross profit or margin being earned by the Cooperative. Although the amounts earned increased through fiscal year 2007, subsequent increases have not been significant and future increases are not expected to be significant. Net cash available to Pro-Fac, after payment of CMV to Pro-Fac’s member-growers, has historically been used to pay Pro-Fac’s operating expenses as well as its quarterly dividends on its preferred stock and to fund repurchases of its common stock.

The final installment payment of \$2.0 million to Pro-Fac under the Termination Agreement was received in July 2007.

The Limited Liability Company Agreement provides that, subject to restrictions contained in any financing arrangements of Holdings LLC or its subsidiaries (including Birds Eye Foods), Holdings LLC will use commercially reasonable efforts to cause Birds Eye Foods to distribute annually to Holdings LLC up to \$24.8 million of cash flow from operations of Birds Eye Foods, which Holdings LLC will then distribute to the holders of its common units, including Pro-Fac. In July 2007, Pro-Fac received a \$120.1 million cash distribution from Holdings LLC. Holdings LLC has advised Pro-Fac that it will not speculate as to whether further distributions will be made under the Limited Liability Company Agreement and, as a minority owner of Holdings LLC, Pro-Fac has no control over the determination of whether such distributions will be made. Accordingly, as a minority owner of Holdings LLC, with no control over the determination of whether distributions will be made, Pro-Fac is operating under a business plan that assumes no further distributions will be made under the Limited Liability Agreement.

As described in Note 3 to the Cooperative's unaudited condensed financial statements included in Part I, Item 1. Financial Statements, of this report, Pro-Fac may borrow up to \$2.0 million from M&T Bank and approximately \$0.7 million (limited by collateral) from a cooperative. At December 27, 2008, Pro-Fac had no outstanding borrowings under either borrowing facility.

The Board of Directors periodically evaluates Pro-Fac's business plan. There can be no assurances that Pro-Fac will pay dividends after January 31, 2009. The declaration of any future dividends is subject to Board action in advance of any such declaration based upon all of the facts and circumstances at such time.

A discussion of "Statement of Cash Flows" for the six months ended December 27, 2008, follows:

Net cash used in operating activities was \$10.8 million for the first six months of fiscal year 2009 compared to cash provided by operating activities of approximately \$106.1 million in the first six months of fiscal year 2008. The change primarily represents income from the receipt of the \$120.1 million distribution from Holdings LLC in the first six months of fiscal year 2008, changes in investments classified as trading securities and changes in the timing of cash receipts from customers other than Birds Eye Foods and related cash payments to member-growers between the first six months of fiscal year 2009 and the first six months of fiscal year 2008. The volume and cost of delivered crops has increased significantly in the 2008 crop year, which has resulted in larger amounts of accounts receivable from customers and amounts due to members. In addition, at December 28, 2008, accounts receivable had increased faster than amounts due to members resulting in an increased use of Pro-Fac's working capital at that date.

In the first six months of fiscal year 2009, no cash was provided by investing activities. Cash provided by investing activities for the first six months of fiscal year 2008 was \$5.5 million related to the receipt of \$2.0 million from Birds Eye Foods as the final payment under the Termination Agreement and the portion of the distribution from Holdings LLC classified as a return of capital, approximately \$3.5 million.

Net cash used in financing activities during the first six months of fiscal year 2009 included payment of dividends of \$1.5 million and redemption preferred shares of \$9.8 million. During the first six months of fiscal year 2008, net cash used in financing activities included \$1.0 million to repay amounts previously borrowed, \$6.8 million to redeem all retained earnings allocated to members, \$7.5 million in dividends paid and \$79.6 million for redemption of preferred shares.

In January 2003, the Pro-Fac Board of Directors suspended the payment of dividends on the Cooperative's common stock for an indefinite period of time and, in January 2006, the Board placed a moratorium on Pro-Fac's repurchase of shares of its common stock from its member-growers. Any repurchase by Pro-Fac of its common stock is subject to pre-approval by the Board.

Based on the assumptions contained in Pro-Fac's business plan, the Board currently believes that Pro-Fac has sufficient sources of cash to fund its operations at least through the end of fiscal 2013.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, Pro-Fac is not required to provide information required by this item.

ITEM 4T. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures: Pro-Fac's Principal Executive Officer and Principal Financial Officer evaluated the effectiveness of the design and operation of Pro-Fac's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, Pro-Fac's Principal Executive and Principal Financial Officer concluded that Pro-Fac's disclosure controls and procedures as of December 27, 2008 (the end of the period covered by this Report), have been designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by Pro-Fac in reports filed or submitted by it under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to Pro-Fac's management, including its Principal Executive and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting: There were no changes in Pro-Fac's internal control over financial reporting identified during the quarter ended December 27, 2008, that materially affected, or are reasonably likely to materially affect, Pro-Fac's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

The information called for by this Item is disclosed in NOTE 5. "Other Matters – Legal Matters" under "Notes to Condensed Financial Statements" in Part I, Item 1 of this Form 10-Q, and is incorporated herein by reference in answer to this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
31.	Certification required by Rule 13a-14 (a) of the Securities Exchange Act of 1934 of the Principal Executive Officer and the Principal Financial Officer (filed herewith).
32.	Certification required by Rule 13a-14 (b) of the Securities Exchange Act of 1934 and pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, of the Principal Executive Officer and the Principal Financial Officer (filed herewith).

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRO-FAC COOPERATIVE, INC.

Date: February 6, 2009

BY: /s/ Stephen R. Wright

**General Manager, Chief Executive
Officer, Chief Financial Officer
and Secretary
(On Behalf of the Registrant and as
Principal Executive Officer
Principal Financial Officer, and
Principal Accounting Officer)**

CERTIFICATION

I, Stephen R. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pro-Fac Cooperative, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the small business registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the small business registrant's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: February 6, 2009

/s/ Stephen R. Wright
General Manager, Chief Executive Officer,
Chief Financial Officer and Secretary
(Principal Executive Officer and
Principal Financial Officer)

CERTIFICATION REQUIRED BY RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the quarterly report on Form 10-QSB of Pro-Fac Cooperative, Inc. for the fiscal quarter ended December 27, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Stephen R. Wright, General Manager, Chief Executive Officer, Chief Financial Officer and Secretary of Pro-Fac Cooperative, Inc., hereby certifies, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Pro-Fac Cooperative, Inc.

Dated: February 6, 2009

/s/ Stephen R. Wright
General Manager, Chief Executive Officer,
Chief Financial Officer and Secretary
(Principal Executive Officer and
Principal Financial Officer)