

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**
In re TW Liquidation Corp., et al., f/k/a Townsends, Inc. et al. ¹

Case Nos.

10-14092 through 10-14096 (Jointly Administered)

Reporting Period

5/2/11-5/31/11

MONTHLY OPERATING REPORT #6

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation / Affidavit / Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliations	MOR-1a	X	
Schedule of Professional Fees Paid	MOR-1b	X	
Copies of bank statements			See Note 16
Cash disbursements journals			See Note 16
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			See Note 16
Copies of tax returns filed during period			See Note 16
Summary of Unpaid Postpetition Debts	MOR-4	X	
Listing of aged accounts payable	MOR-4	X	
Accounts Receivable Reconciliation and Aging			See Note 17
Debtor Questionnaire	MOR-5	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Dalton T. Edgecomb

7/21/2011

Signature of Authorized Individual

Date

Dalton T. Edgecomb

Chief Restructuring Officer

Printed Name of Authorized Individual

Title of Authorized Individual

1. The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are:

TW Liquidation Corp. (f/k/a Townsends, Inc.) (0681)

TF Liquidation Corp. (f/k/a Townsend Farms, Inc.) (5263)

TAR Liquidation Corp. (f/k/a Townsends of Arkansas, Inc.) (5644)

TFAR Liquidation Corp. (f/k/a Townsend Farms of Arkansas, Inc.) (0027)

TCW Liquidation LLC (f/k/a Crestwood Farms LLC) (7388)

c/o Dalton T. Edgecomb

Huron Consulting Group

1120 Avenue of the Americas, 8th Floor

New York, NY 10036

TW LIQUIDATION CORP., et al.
f/k/a TOWNSENDS, INC., et al.
(DEBTORS-IN-POSSESSION)
NOTES TO MONTHLY OPERATING REPORT #6
PERIOD ENDING MAY 31, 2011
(UNAUDITED)

Reservation of Rights

1. Nothing contained in this Monthly Operating Report (the “Report”) shall constitute a waiver of any of the Debtors’ rights or an admission with respect to their Chapter 11 cases, including, but not limited to, matters involving objections to claims, substantive consolidation, equitable subordination, defenses, characterization or re-characterization of contracts, assumption or rejection of contracts under the provisions of chapter 3 of title 11 of the United States Code (the “Bankruptcy Code”) and/or causes of action under the provisions of Chapter 5 of the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers.
2. The Debtors reserve all rights to supplement or amend any financial statements contained in this Report.

Basis for Presentation

3. Pursuant to the Order (A) Approving the Sale of Certain of the Debtors’ Assets and (B) Approving the Assumption and Assignment of Contracts and Leases to Omtron, Ltd., dated February 18, 2011 (the “Omtron Asset Sale”) and the Order (A) Approving the Sale of Certain of the Debtors’ Assets and (B) Approving the Assumption and Assignment of Contracts and Leases to Peco Foods, Inc. dated February 17, 2011 (the “Peco Asset Sale,” together, the “Asset Sales”), the Debtors sold virtually all of their assets in two transactions which closed on February 25, 2011. The accounting adjustments relating to the sale of these assets as reflected in this Report, and for prior periods, are preliminary in nature and subject to final adjustment, including a purchase price adjustment per Note 15. Per Note 2 and Note 15, the Debtors reserve all rights to supplement or amend any financial statements contained in this Report, which could include supplements or amendments as a result of these transactions.
4. The amounts reflected in the financial statements contained herein are unaudited.
5. The financial statements contained herein were not intended to reconcile to any financial statements otherwise prepared or distributed by the Debtors.
6. The Report is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court and the United States Trustee.

7. The information presented herein has not been subject to all procedures that would typically be applied to financial information presented in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP).
8. The results of operations herein are not necessarily indicative of results which may be expected from any other period or for the full year and may not necessarily reflect the results of operations, financial position and cash flows of the Debtors in the future.
9. Intercompany transactions and balances among and between the Debtors have been eliminated in the presentation of the consolidated Balance Sheet and the consolidated Statement of Operations (see also Note 18(e)).
10. As part of the financial statements contained herein, the Debtors make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of this report, and the reported amounts of revenues and expenses during the period of this Report. Actual results may differ from those estimates.

Effects of the Bankruptcy Cases

11. The financial statements contained in this Report do not include the effects of all current or future claims relating to the cases. As of the date of this Report, the Debtors have not completed their review and reconciliation of all claims filed, including whether such claims will be disputed and whether they will be subject to discharge in the Chapter 11 cases. It is also not possible at this time to determine whether to establish any additional liabilities in respect of claims. Certain pre-petition trade accounts payable and debt balances are subject to further review and possible reclassification. Pre-petition liabilities may be subject to compromise or other treatment under the Debtors' Chapter 11 cases.
12. The Debtors have rejected certain pre-petition executory contracts and unexpired leases, with the approval of the U.S. Bankruptcy Court. Claims for damages resulting from the rejection of these executory contracts and unexpired leases will be treated as pre-petition general unsecured claims and will be classified as liabilities subject to compromise. As of the date of this Report, it is not possible to determine the extent of the possible claims for such damages.
13. Any differences between claim amounts listed by the Debtors in their Schedules of Assets and Liabilities (as may be amended) and claims filed by creditors will be investigated and, if necessary, the U.S. Bankruptcy Court will make the final determination as to the amount, nature and validity of claims. The determination of how liabilities will ultimately be settled and treated cannot be made until the U.S. Bankruptcy Court approves a Chapter 11 plan of reorganization or liquidation. Accordingly, the ultimate amount of such liabilities is not determinable at this time.

14. ASC-852 requires pre-petition liabilities of the debtor that are subject to compromise to be reported at the claim amounts expected to be allowed, even if they may be settled for lesser amounts. The amounts currently classified as liabilities subject to compromise may be subject to future adjustments depending on U.S. Bankruptcy Court actions, further developments with respect to disputed claims, determinations of the secured status of certain claims, if any, the values of any collateral securing such claims, or other events.
- a. Amounts classified as secured represent the balance of debt as of the date of this Report which may be secured, without consideration as to the value of the underlying collateral or the validity of any liens. Inclusion of amounts in this category does not represent a concession or admission by the Debtors as to the appropriate classification, amount, or recognition of any underlying claim related to these amounts. As of the date of this Report, \$40 million in principal repayments have been made to the holders of the pre-petition Bank Group Lender Claims and the pre-petition Noteholder Claims (as defined in the Final DIP Financing Order) (the “Secured Lender Claims”) out of the proceeds of the sale of all of the underlying collateral, as part of the Asset Sales. Per the terms of the Order Extending Term of Financing and Granting Related Relief entered on February 18, 2011 (the “DIP Financing Extension Order”), the Secured Lenders have agreed that any unsecured deficiency claim shall not be payable from the 503(b)(9) Claim Fund or the Residual Amount allocated to the Debtors’ Estates as further described in Note 14(b). Although such deficiency claim would be classified as a general unsecured claim, for the purposes of this Report, the outstanding balance of the Secured Lender claims are reported as secured obligations. The balance of the Secured Lender claims include \$1.69 million expected to be returned to the Secured Lenders per the terms of the 503(b)(9) Claims Fund.
 - b. Amounts classified as priority represent the total claim amounts expected to be allowed for the 503(b)(9) Claims. Pursuant to the DIP Financing Extension Order, a fund of up to \$15.6 million has been placed into escrow to pay 503(b)(9) Claims and related expenses.

As of the date of this Report, it is estimated that the funds will be disbursed as follows:

Pay estimated allowed 503(b)(9) Claims (including reserve)	\$12.78 million
Pay Expenses related to 503(b)(9) Claims from petition date	0.27
Available as unrestricted cash to the Estate	0.86
Returned to Secured Lenders per the terms of funding	<u>1.69</u>
	\$15.60 million

Payment for certain expenses of settling the 503(b)(9) Claims have been advanced from the Debtors’ general operating funds and will be reimbursed to the general operating funds from the amounts reflected above.

For reporting purposes, the assets and the expected claims and expenses are reported as assets and liabilities of TW Liquidation Corp., Inc. Actual disbursements will be made from each individual Debtor.

- c. Amounts classified as unsecured debt are carried at the Debtors' book balance as of the date of this Report.
15. Per Section 2.7 of the Asset Purchase Agreement between Peco Foods, Inc. and certain of the Debtors, and as approved by the Order Approving Agreement Related to Purchase Price Adjustment entered on April 18, 2011, the Purchase Price of the Peco Asset Sale was reduced based on the results of the physical inventory count, in the amount of \$3.035 million. This amount due from the Debtors to Peco Foods was paid on April 20, 2011, \$2.0 million from the escrow account balance held for this purpose and \$1.035 million from general operating funds. A purchase price adjustment in the amount of \$2.0 million had been reserved for in February, 2011. The additional purchase price adjustment of \$1.035 million was accounted for in March, 2011 as an additional loss on the sale of assets. In addition, fees and expenses of \$1.571 million paid to the investment bankers for the transaction, SSG Capital Advisors, LLC, were also accounted for as an additional loss on the sale of assets in March, 2011.
16. Copies of bank statements, journals, tax returns and other documentation are maintained at the Debtors' office, which is in the process of being moved from the previous location to the office of the Chief Restructuring Officer.
17. As part of the Asset Sales, the Debtors sold all of their trade accounts receivable. Therefore, an accounts receivable reconciliation and aging is not provided as part of this Report.

Accounting Practices/Recent Events

18. As a result of the Asset Sales, the Debtors have changed certain accounting practices to reflect the reduction in ongoing activity and the disposition of virtually all of the Debtors' assets. Such simplification of accounting practices is expected to reduce administrative costs to the Debtors. The below list is a summary description of some of these changes, which is not intended to be complete or comprehensive:
 - a. Month end: The Debtors' quarterly accounting calendar was previously on a 4-4-5 week basis. As of the month of May, the Debtors have changed to a calendar month end. Accordingly, this Report covers the period from Monday, May 2, 2011 to Tuesday, May 31, 2011.
 - b. Cash (Operating Account): Previously, the Debtors' practice had been not to relieve outstanding checks from Accounts Payable until cleared. The practice now is to report cash balances net of outstanding checks, with a corresponding reduction in Accounts Payable. As of the date of this Report, checks outstanding more than 90 days have been move to a claims reserve.

- c. Cash (Payroll accounts): Only one Payroll account remains open as of the date of this Report. Checks outstanding more than 90 days on the open account and checks outstanding at the time accounts were closed have been moved to a claims reserve, based on the priority of the potential claim.
- d. Accrued Expenses: Accrued expenses include, among other items, Professional Fees. Most other expenses are neither accrued nor treated as pre-paid expenses, but expensed as incurred.
- e. Investment in Subsidiaries: It had been the Debtors' practice to report Investment in Subsidiaries. As there are *de minimis* assets and negative Shareholders' Equity at the four subsidiaries, TW Liquidation Corp., the parent company of the other four Debtors, and TAR Liquidation Corp., the parent company of TFAR Liquidation Corp., have each written off their respective Investments in Subsidiaries as of May 31, 2011. Each Debtor will continue to account for its respective activity. As these accounts had previously been eliminated in the consolidated financial statements, there is no net effect on the consolidated position.
- f. The Debtors maintain, for purposes of the financial statements, a reserve for contingent, disputed and/or unliquidated claims. There is no assurance that such reserve will be adequate for the allowed amount, if any, of such claims.
- g. Effective May 31, 2011, the sole shareholder of TW Liquidation Corp. became the Sponsor of the Townsends Combined Pension Plan (the "Pension Plan") and assumed the role of Plan Administrator. As of the date of this Report, the Debtors have not made any adjustments to the balance sheet accounts relating to the Plan, pending further developments.
- h. Certain prior period adjustments were recorded directly against Shareholder's Equity and are not reflected in the Statement of Operations as of the date of this Report or the applicable prior periods.

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
TW LIQUIDATION CORP. f/k/a TOWNSENDS, INC.
(\$000)

	BANK ACCTS				CURRENT PERIOD ³ ACTUAL	CUMULATIVE FROM FILING ^{3,4} ACTUAL
	ESCROW ¹	OPER ²	PAYROLL ²	CDA		
Cash Beginning of Month	\$15,680	\$1,662	\$16	\$0	\$17,358	\$2,275
RECEIPTS:						
Miscellaneous Receipts	-	223	-	-	223	92,255
Proceeds from Asset Sales	-	-	-	-	-	75,397
Loans and Advances (Interco)	-	-	-	-	-	8,731
Loans and Advances (DIP Loan)	-	-	-	-	-	12,000
Transfers (From DIP accounts)	-	93	-	550	643	108,329
TOTAL RECEIPTS	\$0	\$316	\$0	\$550	\$866	\$296,712
DISBURSEMENTS:						
<i>Payments relating to Discontinued Operations</i>						
Payroll and related items	-	-	-	-	-	8,450
Health Care Claims	-	177	-	44	221	823
Other Accounts Payable	-	-	-	32	32	13,106
<i>Loans and Advances (Interco)</i>	-	-	-	-	-	84,671
<i>Transfers (To DIP Accounts)</i>	80	611	-	150	841	115,674
<i>Payments related to Asset Sales</i>						
Asset Sale Price Adjustment ⁵	-	-	-	-	-	3,035
Investment Banker Fees	-	-	-	-	-	1,571
<i>Payments to Lenders</i>						
DIP Loan Repayment	-	-	-	-	-	12,000
Pre-Petition Secured Loan Repayment	-	-	-	-	-	40,000
<i>Payments related to Restructuring Costs</i>						
Directors Fees	-	-	-	14	14	14
Administration Fees	-	3	-	-	3	3
Professional Fees	-	4	-	310	314	2,375
Pre-Petition Debt Service	-	-	-	-	-	225
US Trustee Quarterly Fees	-	-	-	-	-	106
Court Costs	-	-	-	-	-	135
TOTAL DISBURSEMENTS	\$80	\$795	\$0	\$550	\$1,425	\$282,188
NET CASH FLOW	(80)	(479)	-	-	(559)	14,524
CASH-END OF MONTH	\$15,600	\$1,183	\$16	\$0	\$16,799	\$16,799

DISBURSEMENTS FOR CALCULATING US TRUSTEE QUARTERLY FEES:				SECOND QUARTER
	Apr-2011	May-2011	Jun-2011	2011
TOTAL DISBURSEMENTS	\$8,296	\$1,425		
Less transfers to debtor in possession accounts	(1,621)	(841)		
Less transfers to intercompany	(588)	-		
Less return of sale proceeds to Buyer for Purchase Price Adjustment	(3,035)	-		
Plus estate disbursements made by outside sources	-	-		
DISBURSEMENTS FOR CALCULATING QUARTERLY FEES	\$3,052	\$584		

- 503(b)(9) Claims Pool Escrow Account held by Morris Nichols Arshnt & Tunnell LLP. Assets and liabilities of the claims pool are reported on the balance sheet of TW Liquidation Corp. Actual distributions will be made by the individual debtors.
- Does not include outstanding checks.
- Beginning balance previously reported net of outstanding checks.
- No projection was created for this period.

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
TF LIQUIDATION CORP., f/k/a TOWNSEND FARMS, INC.
(\$000)

	BANK ACCTS ¹			CURRENT PERIOD ² ACTUAL	CUMULATIVE FROM FILING ² ACTUAL
	OPER	PAYROLL	CDA		
Cash Beginning of Month	\$0	\$0	\$0	\$0	\$0
RECEIPTS:					
Accounts Receivable	-	-	-	-	-
Loans and Advances (Interco)	-	-	14	14	32,868
Loans and Advances (DIP Loan)	-	-	-	-	-
Pending Transfer for Uncleared Checks	-	-	-	-	-
Transfers (From DIP accounts)	-	-	-	-	-
TOTAL RECEIPTS	\$0	\$0	\$14	\$14	\$32,868
DISBURSEMENTS:					
<i>Payments relating to Discontinued Operations</i>					
Payroll and related items	-	-	-	-	380
Health Care Claims	-	-	-	-	22
Other Accounts Payable	-	-	14	14	32,433
<i>Loans and Advances (Interco)</i>					
	-	-	-	-	-
<i>Transfers (To DIP Accounts)</i>					
	-	-	-	-	-
<i>Payments related to Asset Sales</i>					
Asset Sale Price Adjustment	-	-	-	-	-
Investment Banker Fees	-	-	-	-	-
<i>Payments to Lenders</i>					
DIP Loan Repayment	-	-	-	-	-
Pre-Petition Secured Loan Repayment	-	-	-	-	-
<i>Payments related to Restructuring Costs</i>					
Professional Fees	-	-	-	-	-
DIP Loan Interest	-	-	-	-	-
Pre-Petition Debt Service	-	-	-	-	-
US Trustee Quarterly Fees	-	-	-	-	33
Court Costs	-	-	-	-	-
TOTAL DISBURSEMENTS	\$0	\$0	\$14	\$14	\$32,868
NET CASH FLOW	-	-	-	-	-
CASH-END OF MONTH	\$0	\$0	\$0	\$0	\$0

DISBURSEMENTS FOR CALCULATING US TRUSTEE QUARTERLY FEES:	SECOND QUARTER 2011		
	Apr-2011	May-2011	Jun-2011
TOTAL DISBURSEMENTS	\$41	\$14	
Less transfers to debtor in possession accounts	-	-	
Less transfers to intercompany	-	-	
Plus estate disbursements made by outside sources	-	-	
DISBURSEMENTS FOR CALCULATING QUARTERLY FEES	\$41	\$14	

1. Debtor has no bank accounts. Receipts and Disbursements flow through TW Liquidation Corp.'s bank accounts.

2. No projection was created for this period.

See also Notes to Monthly Operating Report #6

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
TAR LIQUIDATION CORP., f/k/a TOWNSENDS OF ARKANSAS, INC.
(\$000)

	BANK ACCTS			CURRENT PERIOD ² ACTUAL	FROM FILING ^{2,3} ACTUAL
	OPER	PAYROLL ¹	CDA		
Cash Beginning of Month	\$0	\$10	\$0	\$10	\$10
RECEIPTS:					
Accounts Receivable	-	-	-	-	-
Loans and Advances (Interco)	-	-	60	60	13,949
Loans and Advances (DIP Loan)	-	-	-	-	-
Pending Transfer for Uncleared Checks	-	-	-	-	-
Transfers (From DIP accounts)	-	-	-	-	-
TOTAL RECEIPTS	\$0	\$0	\$60	\$60	\$13,949
DISBURSEMENTS:					
<i>Payments relating to Discontinued Operations</i>					
Payroll and related items	-	-	-	-	5,978
Health Care Claims	-	-	-	-	128
Other Accounts Payable	-	-	60	60	7,823
<i>Loans and Advances (Interco)</i>	-	-	-	-	-
<i>Transfers (To DIP Accounts)</i>	-	10	-	10	10
<i>Payments related to Asset Sales</i>					
Asset Sale Price Adjustment	-	-	-	-	-
Investment Banker Fees	-	-	-	-	-
<i>Payments to Lenders</i>					
DIP Loan Repayment	-	-	-	-	-
Pre-Petition Secured Loan Repayment	-	-	-	-	-
<i>Payments related to Restructuring Costs</i>					
Professional Fees	-	-	-	-	-
DIP Loan Interest	-	-	-	-	-
Pre-Petition Debt Service	-	-	-	-	-
US Trustee Quarterly Fees	-	-	-	-	20
Court Costs	-	-	-	-	-
TOTAL DISBURSEMENTS	\$0	\$10	\$60	\$70	\$13,959
NET CASH FLOW	-	(10)	-	(10)	(10)
CASH-END OF MONTH	\$0	\$0	\$0	\$0	\$0

DISBURSEMENTS FOR CALCULATING US TRUSTEE QUARTERLY FEES:	Apr-2011	May-2011	Jun-2011	SECOND QUARTER 2011
TOTAL DISBURSEMENTS	\$275	\$70		
Less transfers to debtor in possession accounts		(10)		
Less transfers to intercompany	-	-		
Plus estate disbursements made by outside sources	-	-		
DISBURSEMENTS FOR CALCULATING QUARTERLY FEES	\$275	\$60		

- Account was closed during this period.
- No projection was created for this period.
- Beginning balance previously reported net of outstanding checks.
See also Notes to Monthly Operating Report #6

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
TFAR LIQUIDATION CORP. f/k/a TOWNSEND FARMS OF ARKANSAS, INC.
(\$000)

	BANK ACCTS ¹			CURRENT PERIOD ² ACTUAL	CUMULATIVE FROM FILING ² ACTUAL
	OPER	PAYROLL	CDA		
Cash Beginning of Month	\$0	\$0	\$0	\$0	\$0
RECEIPTS:					
Accounts Receivable	-	-	-	-	-
Loans and Advances (Interco)	-	-	50	50	32,093
Loans and Advances (DIP Loan)	-	-	-	-	-
Pending Transfer for Uncleared Checks	-	-	-	-	-
Transfers (From DIP accounts)	-	-	-	-	-
TOTAL RECEIPTS	\$0	\$0	\$50	\$50	\$32,093
DISBURSEMENTS:					
<i>Payments relating to Discontinued Operations</i>					
Payroll and related items	-	-	-	-	-
Health Care Claims	-	-	-	-	-
Other Accounts Payable	-	-	50	50	32,063
<i>Loans and Advances (Interco)</i>	-	-	-	-	-
<i>Transfers (To DIP Accounts)</i>	-	-	-	-	-
<i>Payments related to Asset Sales</i>					
Asset Sale Price Adjustment	-	-	-	-	-
Investment Banker Fees	-	-	-	-	-
<i>Payments to Lenders</i>					
DIP Loan Repayment	-	-	-	-	-
Pre-Petition Secured Loan Repayment	-	-	-	-	-
<i>Payments related to Restructuring Costs</i>					
Professional Fees	-	-	-	-	-
DIP Loan Interest	-	-	-	-	-
Pre-Petition Debt Service	-	-	-	-	-
US Trustee Quarterly Fees	-	-	-	-	30
Court Costs	-	-	-	-	-
TOTAL DISBURSEMENTS	\$0	\$0	\$50	\$50	\$32,093
NET CASH FLOW	-	-	-	-	-
CASH-END OF MONTH	\$0	\$0	\$0	\$0	\$0

DISBURSEMENTS FOR CALCULATING US TRUSTEE QUARTERLY FEES:	SECOND QUARTER 2011		
	Apr-2011	May-2011	Jun-2011
TOTAL DISBURSEMENTS	\$180	\$50	
Less transfers to debtor in possession accounts	-	-	
Less transfers to intercompany	-	-	
Plus estate disbursements made by outside sources	-	-	
DISBURSEMENTS FOR CALCULATING QUARTERLY FEES	\$180	\$50	

1. Debtor has no bank accounts. Receipts and Disbursements flow through TW Liquidation Corp.'s bank accounts.

2. No projection was created for this period.

See also Notes to Monthly Operating Report #6

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
TCW LIQUIDATION CORP., f/k/a CRESTWOOD FARMS LLC
(\$000)

	BANK ACCTS			CURRENT PERIOD ² ACTUAL	FROM FILING ^{2,3} ACTUAL
	OPER	PAYROLL ¹	CDA		
Cash Beginning of Month	\$0	\$3	\$0	\$3	\$0
RECEIPTS:					
Accounts Receivable	-	-	-	-	-
Loans and Advances (Interco)	-	-	27	27	5,912
Loans and Advances (DIP Loan)	-	-	-	-	-
Pending Transfer for Uncleared Checks	-	-	-	-	-
Transfers (From DIP accounts)	-	-	-	-	-
TOTAL RECEIPTS	\$0	\$0	\$27	\$27	\$5,912
DISBURSEMENTS:					
<i>Payments relating to Discontinued Operations</i>					
Payroll and related items	-	-	-	-	1,715
Health Care Claims	-	-	-	-	40
Other Accounts Payable	-	-	27	27	4,142
<i>Loans and Advances (Interco)</i>	-	-	-	-	-
<i>Transfers (To DIP Accounts)</i>	-	3	-	-	-
<i>Payments related to Asset Sales</i>					
Asset Sale Price Adjustment	-	-	-	-	-
Investment Banker Fees	-	-	-	-	-
<i>Payments to Lenders</i>					
DIP Loan Repayment	-	-	-	-	-
Pre-Petition Secured Loan Repayment	-	-	-	-	-
<i>Payments related to Restructuring Costs</i>					
Professional Fees	-	-	-	-	-
DIP Loan Interest	-	-	-	-	-
Pre-Petition Debt Service	-	-	-	-	-
US Trustee Quarterly Fees	-	-	-	-	15
Court Costs	-	-	-	-	-
TOTAL DISBURSEMENTS	\$0	\$3	\$27	\$27	\$5,912
NET CASH FLOW	-	(3)	-	(3)	-
CASH-END OF MONTH	\$0	\$0	\$0	\$0	\$0

DISBURSEMENTS FOR CALCULATING US TRUSTEE QUARTERLY FEES:	SECOND QUARTER 2011		
	Apr-2011	May-2011	Jun-2011
TOTAL DISBURSEMENTS	\$92	\$27	
Less transfers to debtor in possession accounts	-	-	
Less transfers to intercompany	-	-	
Plus estate disbursements made by outside sources	-	-	
DISBURSEMENTS FOR CALCULATING QUARTERLY FEES	\$92	\$27	

1. Account was closed during this period.
2. No projection was created for this period.
3. Beginning balance previously reported net of outstanding checks.
See also Notes to Monthly Operating Report #6

In re TW Liquidation Corp. et al., f/k/a Townsends, Inc. et al.

Case Nos.

10-14092 through 10-14096

(Jointly Administered)

Reporting Period

5/2/11-5/31/11

BANK RECONCILIATIONS
TW Liquidation Corp. et al., f/k/a Townsends, Inc. et al.
Continuation Sheet for MOR-1

The following lists all of the Debtors' bank accounts and the corresponding bank statement balances.
Each account has been reconciled for the period ending 5/31/11.

<u>Account Holder</u>	<u>Acct Type</u>	<u>Bank</u>	<u>Account#</u>	<u>Bank Balance</u>	<u>Checks Outstanding/ Deposits in Transit</u>	<u>Net Balance</u>
TW Liquidation Corp.	CDA Account	PNC	1024865804	\$0.00	\$0.00	\$0.00
TW Liquidation Corp.	Operating Account	PNC	5797139466	1,179,931.08	(85,091.53)	1,094,839.55
TW Liquidation Corp.	Payroll Account (NC)	PNC	5797009012	15,704.90	0.00	15,704.90
TCW Liquidation Corp.	Payroll Account (CW)	Suntrust	1000036313293	\$3,396.07	(3,396.07)	0.00
Unrestricted Cash				<u>\$1,199,032.05</u>	<u>(\$88,487.60)</u>	<u>\$1,110,544.45</u>
Morris Nichols Arshnt & Tunnell LLP	503(b)(9) Claims Pool Escrow Account	Wilmington Trust	10420164	15,600,000.00	0.00	15,600,000.00

The following accounts have been closed:

<u>Account Holder</u>	<u>Acct Type</u>	<u>Bank</u>	<u>Account#</u>
TW Liquidation Corp.	Lockbox	Wachovia/Wells Fargo	2100011480151
TW Liquidation Corp.	Payroll Account (DE)	PNC	5797175184
TW Liquidation Corp.	Payroll Account (Exec)	PNC	5797143561
TW Liquidation Corp.	Export Collections Account	US Bank	103674007309
TW Liquidation Corp.	Utility Escrow Account	PNC	5797414034
TW Liquidation Corp.	Joint Escrow Account (Peco)	Suntrust	7938941
TAR Liquidation Corp.	Payroll Account (AR)	PNC	5797002953

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID
TW Liquidation Corp. et al., f/k/a Townsends, Inc., et al.

Payee	Period Covered	Amount Approved	Payor	Check		Amount Paid		Year-To-Date	
				Number	Date	Fees	Expenses	Fees	Expenses
Morris, Nichols, Arshnt & Tunnell	12/19/10-12/31/10	\$ 68,562.15	TW Liquidation Corp.	Wire	02/15/11	\$ 59,506.40	\$ 9,055.75	\$ 59,506.40	\$ 9,055.75
Morris, Nichols, Arshnt & Tunnell	01/01/11-01/31/11	150,313.33	TW Liquidation Corp.	1010700208	03/18/11	147,040.40	3,272.93	206,546.80	12,328.68
Morris, Nichols, Arshnt & Tunnell	02/01/11-02/28/11	148,541.26	TW Liquidation Corp.	1010700271	04/08/11	135,022.40	13,518.86	341,569.20	25,847.54
Morris, Nichols, Arshnt & Tunnell	03/01/11-03/31/11	85,234.34	TW Liquidation Corp.	700340	05/10/11	77,276.00	7,958.34	418,845.20	33,805.88
McKenna Long	12/19/10-12/31/10	27,539.13	TW Liquidation Corp.	1010700029	03/08/11	27,189.60	349.53	27,189.60	349.53
McKenna Long	01/01/11-01/31/11	72,571.31	TW Liquidation Corp.	1010700205	03/18/11	71,995.60	575.71	99,185.20	925.24
McKenna Long	02/01/11-02/28/11	139,300.05	TW Liquidation Corp.	1010700270	04/08/11	136,138.00	3,162.05	235,323.20	4,087.29
McKenna Long	03/01/11-03/31/11	45,976.10	TW Liquidation Corp.	700339	05/10/11	43,023.20	2,952.90	278,346.40	7,040.19
Huron Consulting Group	12/19/10-12/31/10	114,827.01	TW Liquidation Corp.	Wire	02/15/11	111,828.60	2,998.41	111,828.60	2,998.41
Huron Consulting Group	01/01/11-01/31/11	267,933.86	TW Liquidation Corp.	1010700193	03/18/11	258,547.60	9,386.26	370,376.20	12,384.67
Huron Consulting Group	02/01/11-02/28/11	205,822.43	TW Liquidation Corp.	Wire	03/31/11	201,678.00	4,144.43	572,054.20	16,529.10
Huron Consulting Group	03/01/11-03/31/11	160,104.32	TW Liquidation Corp.	Wire	04/27/11	157,520.00	2,584.32	729,574.20	19,113.42
Huron Consulting Group	04/01/11-04/30/11	143,597.89	TW Liquidation Corp.	700353	05/24/11	142,548.00	1,049.89	872,122.20	20,163.31
Lowenstein Sandler	12/29/10-01/31/11	176,026.27	TW Liquidation Corp.	Wire	04/04/11	171,726.80	4,299.47	171,726.80	4,299.47
Lowenstein Sandler	02/01/11-02/28/11	84,147.47	TW Liquidation Corp.	Wire	04/28/11	83,186.80	960.67	254,913.60	5,260.14
Lowenstein Sandler	03/01/11-03/31/11	16,621.51	TW Liquidation Corp.	700338	05/10/11	16,216.80	404.71	271,130.40	5,664.85
Womble Carlyle	01/06/11-02/28/11	45,210.91	TW Liquidation Corp.	1010700305	04/18/11	43,377.20	1,833.71	43,377.20	1,833.71
Womble Carlyle	03/01/11-03/31/11	5,773.63	TW Liquidation Corp.	700343	05/10/11	4,809.60	964.03	4,809.60	964.03
JHCohn	12/29/10-01/31/11	113,509.89	* TW Liquidation Corp.	1010700199	03/18/11	111,243.20	2,266.69	111,243.20	2,266.69
JHCohn	02/01/11-02/28/11	55,798.90	TW Liquidation Corp.	Wire	04/21/11	44,181.04	493.54	155,424.24	2,760.23
JHCohn	03/01/11-03/31/11	10,540.48	TW Liquidation Corp.	700355	05/24/11	10,524.96	15.52	165,949.20	2,775.75
Greenberg Traurig	12/19/10-12/31/10	154,090.87	TW Liquidation Corp.	1010630525	02/24/11	147,775.00	6,315.87	147,775.00	6,315.87
Greenberg Traurig	01/01/11-01/31/11	73,212.76	TW Liquidation Corp.	Wire	02/25/11	71,810.00	1,402.76	219,585.00	7,718.63
Greenberg Traurig	02/01/11-02/28/11	105,696.34	TW Liquidation Corp.	1010700117	03/12/11	93,926.50	11,769.84	313,511.50	19,488.47
Greenberg Traurig	03/01/11-03/31/11	23,376.79	TW Liquidation Corp.	Wire	04/28/11	18,642.00	4,734.79	332,153.50	24,223.26
Greenberg Traurig	04/01/11-04/30/11	4,356.78	TW Liquidation Corp.	Wire	05/13/11	2,885.00	1,471.78	335,038.50	25,695.04
SSG	1/1/11-2/25/11	1,571,131.29	TW Liquidation Corp.	Wire	04/19/11	1,565,259.00	5,872.29	1,565,259.00	5,872.29
Miller Advertising Agency	02/01/11-02/28/11	na	TW Liquidation Corp.	Wire	02/23/11	-	6,439.50	-	6,439.50
Qorval	01/01/11-01/31/11	na	TW Liquidation Corp.	1010630488	02/24/11	12,792.50	1,938.33	12,792.50	1,938.33
Creditor Committee									
Commodity Specialists Co.	12/29/10-1/5/11	713.10	TW Liquidation Corp.	700359	05/24/11	-	713.10	-	713.10
International Paper Co.	12/29/10-1/5/11	2,266.75	TW Liquidation Corp.	700360	05/24/11	-	2,266.75	-	2,979.85
Bryan Cave (on behalf of Novus Int.)	12/29/10-1/5/11	274.00	TW Liquidation Corp.	700351	05/24/11	-	274.00	-	3,253.85
Donlin Rocano	01/01/11-10/12/11	na	TW Liquidation Corp.	Wire	01/12/11	-	6,666.00	-	6,666.00
Donlin Rocano	12/19/10-12/31/10	na	TW Liquidation Corp.	Wire	01/26/11	41,606.34	9,706.55	41,606.34	16,372.55
Donlin Rocano	01/13/11-01/31/11	na	TW Liquidation Corp.	1010629675	01/31/11	-	7,644.00	41,606.34	24,016.55
Donlin Recano	02/01/11	na	TW Liquidation Corp.	1010629709	02/03/11	-	13,042.00	41,606.34	37,058.55
Donlin Recano	03/22/11	na	TW Liquidation Corp.	1010700269	04/08/11	-	7,250.00	41,606.34	44,308.55
Warren H. Smith & Associates	03/01/11-03/31/11	2,562.02	TW Liquidation Corp.	700342	5/10/2011	2,554.80	7.22	2,554.80	7.22
Total for 5/2-5/31		\$ 317,916.60				\$ 299,838.36	\$ 18,078.24		

* Amount was retroactively adjusted to \$102,385.57 and difference deducted from next payment.

In re TW Liquidation Corp., f/k/a Townsends, Inc., et al.

Case Nos. 10-14092 through 10-14096

(Jointly Administered)

Reporting Period 5/2/11-5/31/11

STATEMENT OF OPERATIONS
TW LIQUIDATION CORP. et al., f/k/a TOWNSENDS, INC. et al.
5/2/11-5/31/11
(\$000)

	TW Liquidation Corp.	TF Liquidation Corp.	TAR Liquidation Corp.	TFAR Liquidation Corp.	TCW Liquidation Corp.	Consolidating Entries	Consolidated
INCOME/(LOSS) FROM DISCONTINUED OPERATIONS							
Operating Expenses not previously recorded	(\$144)	(\$13)	(\$25)	(\$13)	(\$27)	\$0	(\$222)
REORGANIZATION ITEMS							
Directors Fees	(21)	-	-	-	-	-	(21)
Administrative Fees	(3)	-	-	-	-	-	(3)
Professional Fees	(277)	-	-	-	-	-	(277)
Total Reorganization Expenses	(301)	-	-	-	-	-	(301)
Net Profit (Loss)	(\$445)	(\$13)	(\$25)	(\$13)	(\$27)	\$0	(\$523)

See Notes to Monthly Operating Report #6

BALANCE SHEET
TW LIQUIDATION CORP., et al., f/k/a TOWNSENDS, INC., et al.
As of 5/31/11
(\$000)

	TW Liquidation Corp.	TF Liquidation Corp.	TAR Liquidation Corp.	TFAR Liquidation Corp.	TCW Liquidation Corp.	Consolidating Entries	Consolidated
ASSETS							
CURRENT ASSETS							
Unrestricted Cash and Equivalents, net	\$1,110	-	-	-	-		\$1,110
Restricted Cash / Held in Escrow (see Note 14b)	15,600	-	-	-	-		15,600
Miscellaneous Receivables	157	53	3	13	-		226
Professional Fee Retainers	382	-	-	-	-		382
TOTAL CURRENT ASSETS	17,249	53	3	13	-		17,318
TOTAL ASSETS	\$ 17,249	\$ 53	\$ 3	\$ 13	\$ -		\$ 17,318
LIABILITIES AND OWNER EQUITY							
LIABILITIES NOT SUBJECT TO COMPROMISE (Post-Petition)							
Accounts Payable	888	-	84	-	-		\$972
Accrued Expenses	777	8	10	18	12		825
TOTAL POST-PETITION LIABILITIES	1,665	8	94	18	12		1,797
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)							
Secured Debt (See Note 14a)	41,243	-	-	-	318		41,561
Priority Debt (See Note 14b)	12,800	-	-	-	-		12,800
Unsecured Debt (See Note 14c)	10,843	3,379	3,179	4,809	1,521		23,731
	64,886	3,379	3,179	4,809	1,839		78,092
Reserve for Contingent, Disputed and/or Unliquidated Claims	597	-	3	-	2		602
TOTAL PRE-PETITION LIABILITIES	65,483	3,379	3,182	4,809	1,841		78,694
TOTAL LIABILITIES	67,148	3,387	3,276	4,827	1,853		80,491
OWNER'S EQUITY	(49,899)	(3,334)	(3,273)	(4,814)	(1,853)		(63,173)
TOTAL LIABILITIES AND OWNER EQUITY	\$ 17,249	\$ 53	\$ 3	\$ 13	\$ -		\$ 17,318

See Notes to Monthly Operating Report #6

STATUS OF POSTPETITION TAXES
 TW LIQUIDATION CORP., et al, f/k/a TOWNSENDS, INC., et al.
 (\$000's)

	Beginning Tax Liability	Change in Liability	Amount Paid	Date Paid	Check NO. or EFT	Ending Tax Liability
Federal						
Unemployment	\$0	\$0				\$0
Total Federal Taxes	\$0	-				-
State and Local						
Withholding	-	-				-
Unemployment	-	-				-
Property Tax	-	-				-
Franchise Tax (accrued)	38	16				54
Total State and Local Taxes	38	16				54
Total Taxes	\$38	\$16				\$54

All post petition taxes due and owing have been paid. The Debtors have accrued certain franchise taxes for 2010 and 2011 which were increased in May in an abundance of caution.

SUMMARY OF UNPAID POSTPETITION DEBTS
 TW LIQUIDATION CORP., et al, f/k/a TOWNSENDS, INC., et al.
 (\$000's)

	Current	Number of Days Past Due				Total
		0-30	31-60	61-90	Over 90	
Accounts Payable						
Trade	\$133	-	-	-	-	\$133
Professional fees not yet payable ¹	807	-	-	-	-	807
Total Postpetition Debts	\$940	\$0	\$0	\$0	\$0	\$940

1. Not payable due to holdback, objection period or other.

In re TW Liquidation Corp., f/k/a Townsends, Inc., et al.

Case No.

10-14092 to 10-14096

(Jointly Administered)

Reporting Period

5/2/11-5/31/11

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.		X (see note)
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide required documentation pursuant to the Delaware Local Rule 4001-3.		X

Question 4: As of February 25, 2011, the Debtors had no employees and therefore have discontinued their workers compensation insurance policies, including excess insurance and membership in certain states' risk sharing associations or pools. As of the same date, the Debtors retain no real or personal property and therefore have discontinued any coverage relating to physical assets or general liability.