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Townsend's, Inc. - Major Poultry Producer – Has Filed for Chapter 11 Protection

On Sunday, December 19, 2010, Townsends, Inc. and four affiliates - Townsend Farms, Inc.; Townsends of Arkansas, Inc.; Townsend Farms of Arkansas, Inc.; and Crestwood Farms LLC - voluntarily filed for chapter 11 bankruptcy protection in Delaware. The companies, which are third-generation family-owned, describe themselves as "leading producers and marketers of quality, value added poultry products to the foodservice and retail grocery markets throughout the world." They contract with more than 300 growers with over 1,200 chicken houses, have over 3,000 employees, and generated over \$504 million in revenue for the twelve months ended December 5, 2010. As of the same day, the companies consolidated financial statements reflected assets of \$131 million and liabilities of \$127 million.

The companies sell their poultry both to the food service industry and direct to consumers. Townsends' consumer brands include Speedy Bird™ Value Added Chicken, Chef's Select™ Breast Filets, Pristine Cuisine™ Organic Chicken, Perfect Breast® Fresh Portions, Townsend® Fresh Chicken, Townsend® IQF Chicken, and Speedy Bird™ Antibiotic Free Chicken. The companies have over \$70 million in outstanding obligations (\$40 million revolving, \$20 million term, and \$12 million in letters of credit) under a Loan Agreement owing to a bank group including Greenstone Farm Credit Services, ACA/FLCA, Agstar Financial Services, PCA, and PNC Bank, N.A. Wilmington Trust Company is the collateral and administrative agent to the bank group. The companies also issued 8.44% notes due June 1, 2013 to John Hancock Life Insurance Company (U.S.A.), John Hancock Insurance Company of Vermont and John Hancock Life & Health Insurance Company. As of Sunday, the aggregate principal and interest obligations on the notes were approximately \$8.3 million.

Key court filings to date include (click on the title of any document for more information or to purchase):

- [Chapter 11 Voluntary Petition](#)
- [Declaration of George C. White In Support of First Day Motions Filed By Townsends, Inc.](#)
- [Motion For Entry Of An Order Pursuant To 11 U.S.C. Sections 105\(a\), 363\(b\), 363\(c\), 1107\(a\) And 1108 And Fed. R. Bankr. P. 6003 And 6004 \(I\) Authorizing The Debtors To \(A\) Honor And Perform Certain Prepetition Obligations To Customers; \(B\) Continue Customer Programs And \(C\) Honor Certain Other Prepetition Obligations Necessary To Maintain The Existence Of Customer Programs And \(II\) Granting Related Relief Filed By Townsends, Inc.](#)
- [Motion For Entry Of An Order Pursuant To 11 U.S.C. Sections 105\(a\), 363, 364, 503\(b\), 1107\(a\) And 1108 And Fed. R. Bankr. P. 6003 And 6004 Authorizing The Debtors To Honor Prepetition Claims Of Feed Ingredient Suppliers And Sales Brokers Filed by Townsends, Inc.](#)
- [Motion to Pay Critical Trade Vendor Claims Filed By Townsends, Inc.](#)
- [Motion For Entry Of An Order Pursuant To 11 U.S.C. Sections 105\(a\), 363, 364, 503\(b\), 1107\(a\) And 1108 And Fed. R. Bankr. P. 6003 And 6004 Authorizing The Debtors To Honor Prepetition Obligations To Growers Filed by Townsends, Inc.](#)
- [Motion Of Debtors For Orders \(A\) Authorizing Debtors \(I\) To Obtain Post-Petition Financing And Granting Security Interests And Superpriority Administrative Expense Status Pursuant To 11 U.S.C. Section 364; \(II\) To Use Cash Collateral Pursuant To 11 U.S.C. § 363; \(III\) To Provide Adequate Protection Pursuant To 11 U.S.C. Section 361; And \(B\) Scheduling A Final Hearing And Establishing Related Notice Requirements Filed By Townsends, Inc.](#)