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# Hostess Brands Obtains Court Authority to Wind Down All Operations, Liquidate Assets

IRVING, Texas, Nov. 21, 2012 /PRNewswire/ -- Hostess Brands Inc. announced that the U.S. Bankruptcy Court for the Southern District of New York today approved its emergency interim motion for the orderly wind down of its business and sale of its assets.

Judge Robert Drain approved the motion after the Company and the Bakery, Confectionery, Tobacco and Grain Millers Union (BCTGM) were unable to reach an agreement during an 11<sup>th</sup>-hour mediation yesterday.

Hostess Brands is winding down the Company after a nationwide strike initiated by the BCTGM that commenced on November 9<sup>th</sup> crippled its operations at a time when the Company lacked the financial resources to survive a significant labor action.

Among other provisions, the Court order allows Hostess Brands to return excess ingredients and packaging; provides liquidity through an amended debtor-in-possession financing agreement and consensual use of cash collateral; and authorizes the Company to implement a non-executive employee retention plan to ensure the Company has the necessary personnel to implement the wind down.

Hostess Brands said it intends to retain approximately 3,200 employees to assist with the initial phase of the wind down. Employee headcount is expected to decrease by 94% within the first 16 weeks of the wind down. The entire process is expected to be completed in one year.

The wind down was necessitated by an inflated cost structure that put the Company at a profound competitive disadvantage. The biggest component of the Company's costs was its collective bargaining agreements that covered 15,000 of 18,500 employees.

Hostess Brands worked tirelessly to complete a reorganization of its business as a going concern, including spending the better part of 18 months negotiating with its key constituents to obtain a consensual agreement to lower costs to a sustainable level. The Company had obtained the support of its largest union, the International Brotherhood of Teamsters, and its lenders. However, the BCTGM leadership chose not to negotiate a new labor contract and instead, when presented with a final offer, launched a campaign to cripple the Company's operations and force it to liquidate.

The wind down means the closure of 33 bakeries, 565 distribution centers, approximately 5,500 delivery routes, 570 bakery outlet stores and the loss of 18,500 jobs.

Prospective bidders for the Company's assets should contact the following representatives.

**Brands:** Perella Weinberg at [hostess@pwpartners.com](mailto:hostess@pwpartners.com)

**Assets:** FTI Consulting at [hostess@fticonsulting.com](mailto:hostess@fticonsulting.com)

For employees whose jobs will be immediately eliminated, additional information can be found at [www.hostessbrands.info](http://www.hostessbrands.info). The website also contains a copy of the Company's wind down motion and information for customers and vendors.

### **About Hostess Brands**

Founded in 1930 and based in Irving, Texas, Hostess Brands' products have included iconic brands such as Hostess®, Wonder®, Nature's Pride®, Dolly Madison®, Drake's®, Butternut®, Home Pride® and Merita®. Hostess Brands has approximately 18,500 employees and operates 33 bakeries, 553 distribution centers, approximately 5,500 delivery routes and 527 bakery outlet stores throughout the United States.

SOURCE Hostess Brands