

January 28, 2013



Hostess Selects Stalking Horse Bidders for Drake's® and Additional Bread Brands

-- Combined Proposed Purchase Price Is \$56.35 Million

-- Remaining Bread Brands Include Sweetheart®, Eddy's®, Standish Farms® and Grandma Emilie's®

-- Company Requests Court Permission to Conduct Auction to Obtain Highest and Best Offers

KANSAS CITY, Mo., Jan. 28, 2013 /PRNewswire/ -- Hostess Brands Inc. today announced that the Company has selected two stalking horse bidders for its Drake's® snack cake brand and for its Sweetheart®, Eddy's®, Standish Farms®, and Grandma Emilie's® bread brands.

The combined purchase price under the two stalking horse bids is approximately \$56.35 million.

Under the first stalking horse agreement, McKee Foods Corporation has agreed to pay \$27.5 million for the Drake's® brand and certain equipment. Drake's® products include Ring Dings, Yodels, Devil Dogs, Yankee Doodles, Sunny Doodles, and Drake's Coffee Cake.

Under the second stalking horse agreement, United States Bakery, Inc. has agreed to pay \$28.85 million for the Sweetheart®, Eddy's®, Standish Farms®, and Grandma Emilie's® bread brands, four bakeries, and 14 depots, plus certain equipment.

"These agreements once again set a strong value for our businesses and we look forward to conducting an auction process that will further enhance the return for Hostess's stakeholders," said Hostess Brands Chairman and Chief Executive Officer Gregory F. Rayburn. "The contemplated purchase prices for Drake's® and the four bread brands, together with our previous announced stalking horse bid for the majority of our bread business, means we have agreements to sell these assets for at least \$440 million.

"We expect that figure to significantly increase once we announce a stalking horse bidder for the majority of our snack cake business, including Twinkies."

The Hostess snack cake business and the remaining bread business are contemplated to be sold in separate transactions.

As previously announced, Flowers Foods, Inc. was selected as the stalking horse bidder for the majority of the assets related to Hostess's bread business, including the Butternut®, Home Pride®, Merita®, Nature's Pride®, and Wonder® brands.

That agreement includes, in addition to the brands, 20 bakeries, 38 depots and other assets. The purchase price consists of \$355 million in cash which will be increased to \$360 million if certain license rights are included in the sale.

Hostess has also selected Flowers as the stalking horse bidder for the Company's Beefsteak® bread brand. The purchase price consists of \$30 million in cash for the brand. The transaction does not include facilities or additional assets.

The Company will hold an auction for the majority of the bread business on February 28, provided the Company receives additional qualified bids, at the conclusion of which it will select the highest and best bidders.

Hostess has requested that the U.S. Bankruptcy Court for the Southern District of New York authorize the Company to proceed with a second auction for the Drake's® brand and the four bread brands on March 15.

All of the asset sales are subject to Court approval.

Jones Day provided legal advice to Hostess on the transaction.

About Hostess Brands

Founded in 1930, the Company's products include iconic brands such as Hostess®, Wonder®, Nature's Pride®, Dolly Madison®, Drake's®, Butternut®, Home Pride®, and Merita®.

SOURCE Hostess Brands Inc.