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Hostess Brands Commences Reorganization Proceedings

Company Receives Commitment for \$75 Million in DIP Financing

Company to Propose Transformative Business Plan

IRVING, Texas, Jan. 11, 2012 /PRNewswire/ -- Hostess Brands, Inc. announced today that the Company and its five subsidiaries have filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. Concurrent with the filing, the Company said that, subject to Court approval, it has received a commitment for \$75 million in debtor-in-possession (DIP) financing from a group of its existing first-lien lenders, led by Silver Point Capital, L.P. The financing will enable the Company to continue routine operations while undertaking a comprehensive financial and operational restructuring to transform it into a strong, competitive company.

During the Chapter 11 proceeding, the Company will continue operating its bakeries, outlet stores and distribution centers and delivering its products to its customers across the country. The Company does not anticipate any disruptions in the manufacturing and delivery of any of its bread or cake products. The Company's brands, including Wonder®, Merita® and Butternut® breads; Drake's®, Twinkies® and Hostess® cakes, will still be available and on store shelves everywhere.

"Hostess has some of our industry's most powerful and resilient brands," said President and Chief Executive Officer Brian Driscoll. "With generations of loyal consumers, numerous iconic products and a talented and experienced workforce, Hostess Brands has tremendous inherent strengths to build upon."

The Company has requested the Court to authorize certain actions, including entering into the DIP financing agreement, continuing wages for employees without interruption and maintaining all customer programs.

The Company also filed a procedures motion to establish a timeline for motions under Sections 1113 and 1114 of the Bankruptcy Code to address its labor agreements.

"Notwithstanding the procedures motion, we will do everything we can to reach a consensual agreement with our unions to modify our collective bargaining agreements," Mr. Driscoll said. "We have engaged in good-faith bargaining with our labor partners for many months. We remain hopeful that we can reach an agreement that will allow us to amend our labor contracts so that we can emerge from Chapter 11 as a highly competitive company that provides secure jobs for our employees."

The Company's current cost structure is not competitive, primarily due to legacy pension and

medical benefit obligations and restrictive work rules. Those issues, combined with the economic downturn and a more difficult competitive landscape, created a worsening liquidity situation that prompted the need for a reorganization.

Hostess Brands said previous efforts to implement incremental change, including a Chapter 11 case that was completed in February 2009, were insufficient. The Company's cost structure left it poorly positioned to respond to a worsening economy, increased competition and consolidation in the industry that has given other bakery companies major economies of scale and workforce advantages.

New Business Plan

The Chapter 11 filing is intended to provide Hostess Brands the opportunity to re-engineer the Company and, upon emergence, to execute a business plan that will transform Hostess Brands into a competitive wholesale baker that can provide employment on competitive terms and continue to efficiently service all of its customers. The business plan is designed to create a sustainable cost structure with competitive employee benefit plans while allowing the Company to invest in modern systems, fleets and facilities to meet changing customer needs and consumer tastes.

"With these changes, we can access capital to reinvest in our Company again and begin to level the playing field with our competitors," Mr. Driscoll said. "This Company has tremendous potential if we can remove the barriers to success."

The Company has established a toll-free restructuring information line at 855-239-1428.

About Hostess Brands

Founded in 1930 and based in Irving, Texas, the Company's products include iconic brands such as Butternut®, Ding Dongs®, Dolly Madison®, Drake's®, Home Pride®, Ho Hos®, Hostess®, Merita®, Nature's Pride®, Twinkies® and Wonder®. Hostess Brands has approximately 19,000 employees and operates 36 bakeries, 565 distribution centers, approximately 5,500 delivery routes and 570 bakery outlet stores throughout the United States.

SOURCE Hostess Brands, Inc.