

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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: In re : Chapter 11
: :
: Old HB, Inc. : Case No. 12-22052 (RDD)
: (f/k/a Hostess Brands, Inc.), *et al.*,¹ :
: : (Jointly Administered)
: Debtors. :
: :
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**NOTICE OF (I) THE SALE AND TRANSFER OF THE REMAINING
ASSETS OF THE DEBTORS AT THE DIRECTION OF THEIR
SECURED NOTEHOLDERS; (II) THE DEBTORS' REQUEST TO
TRANSFER OR DESTROY THEIR REMAINING DOCUMENTS IN CONNECTION
THEREWITH; AND (III) DEBTORS' MOTION TO DISMISS THEIR
CHAPTER 11 CASES AND DISSOLVE THEIR CORPORATE EXISTENCE**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. Old HB, Inc. ("Old HB") and certain affiliated debtors, each as a debtor and debtor in possession (collectively, with Old HB, the "Debtors") have entered into an asset purchase agreement (including all exhibits, schedules and ancillary agreements related thereto, the "Purchase Agreement") with Ostess, LLC and Ostess Services LLC (the "Purchasers"). **The Purchase Agreement contemplates a set of related transactions (collectively, the "Sale Transaction") for the transfer of all of the Debtors' remaining cash and the sale and transfer to the Purchasers, free and clear of liens, claims, interests and encumbrances of all of the Debtors' assets of any kind or nature**, other than certain limited excluded assets² (collectively, the "Remaining Assets"). After the closing of the Sale Transaction and the completion of certain other tasks, **the Debtors will seek to dismiss their chapter 11 cases and dissolve their corporate existence.**

2. Prior to the commencement of these chapter 11 cases in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), Debtor Interstate Brands Corporation issued (a) \$85.8 million of 5% Secured Convertible PIK-Election Series A Notes due 2019; (b) \$85.8 million of 5% Secured Convertible PIK-Election Series B Notes due 2019; and (c) \$30.0 million of 10% Secured Convertible PIK-Election Series C Notes,

¹ The Debtors are the following six entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Old HB, Inc. (f/k/a Hostess Brands, Inc.) (0322), IBC Sales Corporation (3634), IBC Services, LLC (3639), IBC Trucking, LLC (8328), Interstate Brands Corporation (6705) and MCF Legacy, Inc. (0599).

² The assets being excluded from the sale are either of de minimis value and/or are expected to be abandoned.



due 2019 (collectively, the "2019 Notes"). The 2019 Notes were issued pursuant to the Indenture, dated as of February 3, 2009, among: (a) Old HB, as issuer; (b) certain others of the Debtors, as guarantors; and (c) The Bank of New York Mellon Trust Company, N.A., as trustee and collateral trustee (in such capacity, the "2019 Notes Trustee"). The 2019 Notes represent secured debt of the Debtors that was junior to certain other secured debt obligations of the Debtors.

3. Since the commencement of the winddown and liquidation of the Debtors' estates in November 2012, the Debtors believe that they have paid all secured debt obligations that are entitled by law to payment prior to the 2019 Notes. The Debtors have paid the funded secured debt obligations that were senior to the 2019 Notes. In addition, the Debtors believe that all statutory liens, mechanics liens, possessory liens and property tax liens, have been paid in full, with no further amounts outstanding. While certain amounts of the 2019 Notes have been paid, at least \$156.6 million in principal amount remains outstanding under the 2019 Notes. This amount exceeds any reasonable estimation of the value of the Remaining Assets, including the less than \$16 million in cash held by the Debtors' estates.

4. The Purchasers are entities that have been created for the benefit of all holders of the 2019 Notes. The membership interests in each of the Purchasers are being equally and ratably distributed to holders of 2019 Notes based upon the unpaid principal amount of 2019 Notes held as of August 18, 2015. As such, the Sale Transaction effectuates the exercise of remedies by the 2019 Notes Trustee and provides for the transfer of the Remaining Assets (including the Debtors' cash) to the Purchasers for the benefit of the holders of the 2019 Notes, in exchange for a partial credit bid of all of the outstanding indebtedness under the 2019 Notes.

5. By the motion to approve the Sale Transaction (the "Sale Motion") filed with the Bankruptcy Court on September 28, 2015, the Debtors are proposing the entry of an order (the "Sale Order") from the Bankruptcy Court (i) providing that the sale of the Remaining Assets to the Purchasers will be free and clear of all liens, claims, interests and encumbrances in or against the Debtors, their predecessors or their affiliates or the Remaining Assets (collectively, "Claims") and that the Purchasers will not be liable for any Claims in any way related to or connected with the Remaining Assets (except for assumed liabilities, if any, specifically described in the Purchase Agreement); and (ii) prohibiting and enjoining all holders of Claims from asserting Claims against the Purchasers on account of such Claims. The Sale Transaction thus contemplates the transfer of all of the Remaining Assets (which includes all of the Debtors' remaining cash) to the Purchasers.

6. After the transfer of the Remaining Assets to the Purchasers, there will be no further assets of the Debtors to administer within chapter 11 and therefore there will be no ability for the Debtors to satisfy their other liabilities. This means that holders of all unsecured claims of any kind or nature, whether such claims are administrative claims, priority claims or general unsecured claims, and specifically including former employees with unpaid severance and vacation claims, will not receive any further distribution from the Debtors' estates on account of their claims. This is true whether or not proof of claim forms were filed or whether or not the claims have been allowed by bankruptcy court order.

7. **Without the ability to pay outstanding administrative claims, the Debtors will be unable to confirm a plan in these chapter 11 cases. Accordingly, the Debtors have also filed a motion seeking authorization from the Court to dismiss the Debtors' chapter 11 cases and dissolve their corporate existence (the "Dismissal Motion").**

8. The completion of the Sale Transaction and the dismissal of these chapter 11 cases will not impact parties' ability to: (a) continue to receive payments from the Pension Benefit Guaranty Corporation or from the multi-employer pension plans that the Debtors previously participated in; (b) assert workers compensation claims in order to recover against insurance policies of the Debtors; or (c) assert workers compensation claims against state government agencies, or quasi-governmental entities, that have assumed responsibility for the administration and/or payment of workers' compensation claims for that state.

9. As part of the relief requested by the Sale Motion, the Debtors seek authorization to destroy certain of their documents and seek authorization to transfer certain other documents to one of the Purchasers. Other than certain restrictions set forth in the Purchase Agreement, the Purchasers will be free to retain or destroy any documents as they choose.

10. A hearing to approve the Purchase Agreement, the sale of the Remaining Assets to the Purchasers free and clear of all Claims and the destruction of the Debtors' documents or their transfer to the Purchasers is scheduled to be conducted on **November 6, 2015 at 10:00 am. (Prevailing Eastern Time)**, in a courtroom to be determined, 300 Quarropas Street, White Plains, New York 10601, or as soon thereafter as counsel may be heard.

11. A hearing to approve the Dismissal Motion is scheduled to be conducted on **November 24, 2015 at 10:00 am. (Prevailing Eastern Time)**, in a courtroom to be determined, 300 Quarropas Street, White Plains, New York 10601, or as soon thereafter as counsel may be heard.

12. To be considered, objections to the Sale Transaction, the Sale Motion or the Dismissal Motion, or any of the related relief sought therein, must (a) be in writing, (b) **state the specific motion to which the party is objecting**, (c) state the basis of such objection with specificity, (d) conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the United States Bankruptcy Court for the Southern District of New York and (e) be filed with the Bankruptcy Court (with a copy to chambers) and served in accordance with the rules of the Bankruptcy Court upon: (i) Old HB, Inc., 3101 Mercier, Suite 422; Kansas City, Missouri 64111 (Attn: Legal Department); (ii) counsel to the Debtors, Jones Day, 222 East 41st Street, New York, New York 10017 (Attn: Lisa Laukitis) and Jones Day, 901 Lakeside Avenue, Cleveland, Ohio 44114 (Attn: Ryan T. Routh, Esq.); (iii) counsel to the Creditors' Committee, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036 (Attn: Thomas Moers Mayer, Esq. and Joshua Brody, Esq.); and (iv) counsel to the Fourth Lien Trustee, Thompson & Knight LLP, 900 Third Avenue, 20th Floor, New York, New York 10022 (Attn: Ira L. Herman, Esq. and Jennifer A. Christian, Esq.) (collectively, the "Notice Parties"), so as to be actually received **no later than 4:00 p.m. (Prevailing Eastern Time) on October 19, 2015.**

13. You may obtain a copy of the Sale Motion and the Purchase Agreement and a copy of the Dismissal Motion at <http://www.kccllc.net/hostess> OR by submitting a request in writing to

Hostess Brands Claims Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Ave
El Segundo, CA 90245
Facsimile: (310) 751-1561
Email: HostessInfo@kccllc.com

Questions regarding the Sale Transaction and the Dismissal Motion will be most promptly addressed if emailed to the Debtors at information@interstatebrands.com. In addition, questions can be submitted by voicemail by calling (816) 216-1224, extension 222. Please note that submitting a question in this manner does not preserve your legal right to object to the Sale Motion and the Dismissal Motion or extend your deadline to object thereto, and you must file an objection as set forth in paragraph 12 above if you object to one or both of these motions.

Dated: September 28, 2015

BY ORDER OF THE BANKRUPTCY COURT