APPENDIX C

PRO FORMA FINANCIAL PROJECTIONS

PRO FORMA FINANCIAL PROJECTIONS AND ASSUMPTIONS

In connection with the solicitation of certain votes on the Plan, and for purposes of demonstrating the feasibility of the Plan, the following financial projections (the "Projections") were prepared by the Debtors. The Projections reflect the Debtors' judgment as to the occurrence or nonoccurrence of certain future events and of expected future operating performance and business conditions, which are subject to change. The management of the Debtors has prepared the Projections for the fiscal years 2009 through 2014. Included in the FY2009 projected amounts are actual unaudited results through the four fiscal periods ended September 20, 2008. The Projections have been prepared on a consolidated basis consistent with the Company's management financial reporting practices and include all Debtor and non-debtor entities. The Projections, including any historical amounts included therein, are unaudited.

THE PROJECTIONS, INCLUDING THE UNDERLYING BUSINESS AND ECONOMIC ASSUMPTIONS, SHOULD BE CAREFULLY REVIEWED IN EVALUATING THE PLAN. WHILE MANAGEMENT BELIEVES THE ASSUMPTIONS UNDERLYING THE PROJECTIONS, WHEN CONSIDERED ON AN OVERALL BASIS, ARE REASONABLE IN LIGHT OF CURRENT CIRCUMSTANCES AND EXPECTATIONS, NO ASSURANCE CAN BE GIVEN THAT THE PROJECTIONS WILL BE REALIZED.

THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION, WARRANTY OR GUARANTY BY THE DEBTORS OR ANY OTHER PERSON AS TO THE ACCURACY OF THE PROJECTIONS OR THAT THE PROJECTIONS WILL BE REALIZED.

The Projections were not prepared with a view towards complying with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants (the "AICPA") and as such, do not and are not required to conform with the AICPA descriptions and recommendations regarding presentation and disclosure of prospective financial information. The Projections have not been compiled, or prepared for examination or review, by the Debtors' independent auditors, who accordingly assume no responsibility for them. The Projections should be read in conjunction with the assumptions, qualifications and footnotes to the Projections set forth herein, the historical consolidated financial information (including the notes and schedules thereto) included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") for the fiscal years ended May 31, 2008, June 2, 2007, June 3, 2006, May 28, 2005 and May 29, 2004, our quarterly filing on form 10-Q for the fiscal quarter ended August 23, 2008 and the unaudited actual results reported in the monthly operating reports of the Debtors filed with the Bankruptcy Court.

The Projections assume certain specific economic and business conditions will occur in the future, including general assumptions based upon future macroeconomic indicators (including various commodity market indicators for raw material purchased by the Company, such as forecasts of acres to be planted in specific crops and projected crop yields), growth rates for product categories, and consumer product trends in general. The Projections were prepared by management in good faith based upon assumptions believed to be reasonable at the time made, but no assurance can be given that such assumptions will prove to be accurate forecasts of the future.

While presented with numerical specificity, the Projections are based upon a variety of assumptions and are subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond the control of the Debtors. Consequently, the inclusion of the Projections herein should not be regarded as a guaranty by the Debtors (or any other person) that the Projections will be realized, and actual results may vary materially from those presented below. The Projections have been prepared on a basis similar to the internal management reporting currently utilized by the Debtor. The Projections reflect an anticipated emergence from Chapter 11 as of the close of business on January 10, 2009. The Projections do not, however, consider the potential effects of the application of "fresh start" accounting as required by the AICPA Statement of Position 90-7,"Financial Reporting by Entities in Reorganization Under the Bankruptcy Code", that may apply on the Effective Date.

Under Internal Revenue Code section 382, a corporation that has a "net unrealized built-in gain" immediately before it undergoes an ownership change generally is entitled to utilize its NOL carryovers to offset certain built-in gains recognized after the ownership change without regard to the annual limitation that may otherwise restrict the corporation's ability to utilize its NOL carryovers. In general, a corporation has a net unrealized built-in gain immediately before an ownership change if, at that time, the fair market value of the corporation's assets exceeds the aggregate adjusted tax basis of such assets. Although the matter is not free from doubt, the Projections assume that the Debtors will have a certain amount of net unrealized built-in gain with respect to the ownership change that will occur in connection with the issuance of New Common Stock pursuant to the Plan. If this assumption is inaccurate, the Reorganized Debtors' tax expense may be materially greater than the tax expense shown in the Projections; provided, however, if an Alternative Taxable Structure or an Alternative Simplification Structure are implemented, the Reorganized Debtors' tax expense may be materially less than the tax expense shown in such Projections.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: These Projections contain statements which constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" in these Projections include the intent, belief or current expectations of the Debtors and members of their management team with respect to the timing of, completion of and scope of the current restructuring, reorganization plan, strategic business plan, bank financing and debt and equity market conditions and the Debtors' future liquidity, as well as the assumptions upon which such statements are based. While management believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, prospective investors are strongly cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Important factors currently known to management that could cause results to differ materially from those contemplated by the forward-looking statements in these Projections include, but are not limited to, those risks and uncertainties set forth in Article VIII of the Disclosure Statement and other adverse developments with respect to the Debtors' liquidity position or operations of the various businesses of the Reorganized Debtors, adverse developments in the capital markets or public or private markets for debt or equity securities, or adverse developments in the timing or results of the Debtors' current strategic business plan (including the current timeline to emerge from chapter 11) and the possible negative effects that could result from potential economic and political factors around the world.

THE COMPANY DOES NOT, AS A MATTER OF COURSE, PUBLISH OR DISCLOSE ITS FINANCIAL PROJECTIONS. ACCORDINGLY, THE COMPANY DOES NOT INTEND, AND DISCLAIMS ANY OBLIGATION TO, (A) FURNISH UPDATED PROJECTIONS TO HOLDERS OF CLAIMS OR EQUITY INTERESTS AT ANY TIME IN THE FUTURE, (B) INCLUDE UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, OR (C) OTHERWISE MAKE UPDATED INFORMATION OR PROJECTIONS PUBLICLY AVAILABLE.

THE SUMMARY PRO FORMA FINANCIAL PROJECTIONS AND RELATED INFORMATION PROVIDED, THOUGH PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE COMPANY'S CONTROL. THE COMPANY CAUTIONS THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE PROJECTIONS AND RELATED INFORMATION OR AS TO THE COMPANY'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE AND EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR MAY BE UNANTICIPATED, AND THUS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE PROJECTIONS AND RELATED INFORMATION, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. PARTIES IN INTEREST MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS.

Unaudited/Not in Accordance with GAAP
Interstate Bakeries Corporation
Consolidated Statement of Operations

($s in Millions)	**Notes**	**Forecast**					
		FY2009 5/29/09	**FY 2010 5/29/10**	**FY 2011 5/29/11**	**FY 2012 5/28/12**	**FY 2013 5/28/13**	**FY 2014 5/28/14**
Net Sales		$ 2,765.9	$ 2,772.8	$ 2,876.1	$ 2,923.8	$ 3,040.3	$ 3,131.5
Cost of Goods Sold		1,371.8	1,318.7	1,339.4	1,335.7	1,368.1	1,411.2
Gross Profit		**1,394.1**	**1,454.1**	**1,536.8**	**1,588.1**	**1,672.2**	**1,720.3**
Selling & Delivery		1,149.7	1,127.7	1,172.7	1,191.1	1,233.8	1,272.3
Workers' Compensation		65.1	67.2	70.6	71.3	73.5	75.6
Advertising & Marketing		40.1	52.7	54.6	55.6	57.8	59.5
General & Administrative		109.1	121.3	129.8	129.4	130.7	133.4
Gain Sharing		-	-	-	1.3	3.7	2.9
EBITDA		**30.1**	**85.2**	**109.0**	**139.4**	**172.7**	**176.6**
Depreciation Expense		(54.0)	(52.3)	(55.2)	(58.2)	(60.2)	(60.2)
Restructuring Costs	(a)	1.7	(4.7)	(1.3)	(4.5)	-	-
Reorganization Costs	(b)	(40.5)	-	-	-	-	-
Interest Expense	(c)	(68.5)	(60.0)	(61.1)	(64.1)	(64.3)	(58.7)
Other Income		0.1	-	-	-	-	-
Taxes	(d)	0.5	(2.0)	(0.4)	(0.8)	(14.5)	(31.9)
Net Income / (Loss)		**$ (130.7)**	**$ (33.9)**	**$ (8.9)**	**$ 11.8**	**$ 33.7**	**$ 25.9**

Unaudited/Not in Accordance with GAAP
Interstate Bakeries Corporation
Consolidated Balance Sheet

($s in Millions)	**Notes**	**Forecast**					
		FY2009 05/29/09	**FY 2010 5/29/10**	**FY 2011 5/29/11**	**FY 2012 5/28/12**	**FY 2013 5/28/13**	**FY 2014 5/28/14**
Assets							
Current Assets:							
Unrestricted Cash and Cash Equivalents	(e)	$ 63.2	$ 41.8	$ 50.9	$ 75.1	$ 122.5	$ 157.4
Restricted Cash	(f)	239.6	246.6	246.6	246.6	246.6	246.6
Accounts Receivable (Net of bad debt and reserves)	(g)	138.7	132.4	137.8	139.6	145.2	149.6
Inventories		65.9	63.0	65.5	66.4	69.0	71.1
Other Current Assets	(h)	41.9	41.9	41.9	41.9	41.9	41.9
Total Current Assets		549.2	525.7	542.6	569.6	625.2	666.6
Net Property and Equipment	(i)	452.6	468.6	466.3	456.7	430.0	431.4
Other Assets	(j)	210.0	202.0	194.0	186.0	178.0	173.1
Total Assets		$ 1,211.9	$ 1,196.3	$ 1,203.0	$ 1,212.4	$ 1,233.2	$ 1,271.0
Liabilities & Stockholders Equity							
Current Liabilities:							
Post-Emergence Revolver		-	-	-	-	-	-
Accounts Payable		77.4	74.4	77.0	77.9	80.6	82.7
Accrued Expenses	(k)	170.3	170.3	170.3	171.7	174.1	173.2
Total Current Liabilities		247.7	244.7	247.3	249.5	254.7	255.9
Liabilities Subject To Compromise	(l)	-	-	-	-	-	-
Long-term Liabilities:							
Long-Term Debt							
Term Loan Facility	(m)	341.3	342.2	333.3	319.0	290.9	290.9
New Third Lien Term Loan		146.7	158.4	171.1	171.1	171.1	171.1
New Convertible Secured Notes		174.9	183.6	192.8	202.5	212.6	223.2
Capital Leases		2.5	2.5	2.5	2.5	2.5	2.5
Other Liabilities	(n)	176.5	176.5	176.5	176.5	176.5	176.5
Deferred Income Taxes		69.5	69.5	69.5	69.5	69.5	69.5
Total Long-term Liabilities		911.3	932.6	945.7	941.0	923.0	933.6
Stockholders’ Equity:	(o)	52.8	18.9	10.0	21.8	55.5	81.4
Total Liabilities and Stockholders’ Equity		$ 1,211.9	$ 1,196.3	$ 1,203.0	$ 1,212.4	$ 1,233.2	$ 1,271.0

Unaudited/Not in Accordance with GAAP
Interstate Bakeries Corporation
Consolidated Statements of Cash Flow

($s in Millions)	Forecast					
	1/11/2009 5/30/2009*	FY2010	FY2011	FY2012	FY2013	FY2014
Net Income / (Loss)	$ (10.9)	$ (33.9)	$ (8.9)	$ 11.8	$ 33.7	$ 25.9
Depreciation	19.7	52.3	55.2	58.2	60.2	60.2
Amortization of Deferred Financing Costs	3.1	8.0	8.0	8.0	8.0	4.9
Change in Accrued Restructuring Costs	(4.0)	-	-	-	-	-
Change in Working Capital	(20.9)	6.1	(5.2)	(0.6)	(3.1)	(5.2)
Operating Cash Flow	(13.0)	32.6	49.0	77.4	98.8	85.8
Capital Expenditures	(36.7)	(69.9)	(63.8)	(63.5)	(61.6)	(61.6)
Asset Sales	20.9	1.6	10.8	15.0	28.1	-
Investing Cash Flow	(15.8)	(68.3)	(53.0)	(48.5)	(33.5)	(61.6)
Transfers to Restricted Cash	-	(7.0)	-	-	-	-
PIK Interest Accrual	8.7	22.9	23.9	10.3	10.1	10.6
Post Emergence Debt Paydown	(3.8)	(1.6)	(10.8)	(15.0)	(28.1)	-
Financing Cash Flow	4.9	14.4	13.0	(4.7)	(18.0)	10.6
Net Cash Flow	$ (23.9)	$ (21.4)	$ 9.1	$ 24.2	$ 47.4	$ 34.9
Beginning Unrestricted Cash Balance - Bank	$ 87.1	$ 63.2	$ 41.8	$ 50.9	$ 75.1	$ 122.5
Net Increase / (Decrease) in Cash	(23.9)	(21.4)	9.1	24.2	47.4	34.9
Ending Unrestricted Cash Balance - Bank	$ 63.2	$ 41.8	$ 50.9	$ 75.1	$ 122.5	$ 157.4

* Post-emergence cash flow

1. **Notes**

The Projections have not been audited, reviewed or compiled by the Company's independent accountant, who accordingly assume no responsibility for them. They were not prepared with a view toward complying with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants ("AICPA") and, as such, do not and are not required to conform with the AICPA descriptions and recommendations regarding presentation and disclosure of prospective financial information. The Projections reflect an anticipated emergence from Chapter 11 as of the close of business on January 10, 2009. They do not, however, reflect the impact of implementing fresh start accounting as will likely be required pursuant to Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" issued by the AICPA. As a result of these and other factors, the projections are not prepared in accordance with Generally Accepted Accounting Principles ("GAAP").

As discussed in the Disclosure Statement, the Projections assume that on the Effective Date (i) the Equity Investors (a) invest $44.2 million in cash in the Reorganized Company in exchange for 4,420,000 shares of New Common Stock, and (b) purchase $85.8 million in New Convertible Secured Notes; (ii) GECC and GECM agree to structure, arrange and syndicate the $125.0 million ABL Facility; (iii) Silver Point and Monarch Master Funding Ltd agree to structure, arrange and syndicate the $344.0 million Term Loan Facility (subject to adjustment pursuant to the terms of the Commitment Letter); and (iv) the Prepetition Lenders will convert their Allowed Prepetition Lender Claims into $142.3 million of the New Third Lien Term Loan (subject to adjustment pursuant to the terms of the Commitment Letter), $85.8 million of New Convertible Secured Notes and Series E Warrants with a strike price of $0.01 and representing 1.5% of the fully-diluted equity interests of Reorganized IBC (calculated as of the Effective Date). Pursuant to the Investment Agreement, Equity Investors will also receive Series A Warrants with a strike price of $12.50 and representing 13.5% of the New Common Stock on a fully-diluted basis (calculated as of the Effective Date and taking into account dilution from the conversion of all the New Convertible Secured Notes to be issued on the Effective Date, but not accounting for any other dilution). In addition, Equity Investors will be issued Series D Warrants with a strike price of $12.50 and representing 1.5% of the fully-diluted equity interests of Reorganized IBC (calculated as of the Effective Date). On the Effective Date, the lenders under the Term Loan Facility (or their Permitted Affiliates) will be issued 4,420,000 shares of the New Common Stock, Series B Warrants with a strike price of $12.50 and representing 1.917% of the New Common Stock on a fully-diluted basis (calculated as of the Effective Date), and Series C Warrants with a strike price of $10.00 and representing 2.837% of the New Common Stock on a fully diluted basis (calculated as of the Effective Date). The Projections do not contemplate any conversions of the New Convertible Secured Notes into common stock, the exercise of any of the Series A, B, C, D or E Warrants, or the issuance of stock appreciation rights.

Specific Note References:

(a) Restructuring Costs: Include amounts associated with past, ongoing, and future operational restructuring activities.

(b) Reorganization Costs: Include amounts associated with Chapter 11 related legal and other professional fees expected to be incurred during the bankruptcy process through emergence and an additional $5.0 million of such fees to be incurred and paid after emergence.

(c) Interest Expense: Includes interest and fees associated with the Company's DIP Credit Agreement and Prepetition Credit Facility through emergence. Includes post emergence interest and fees amortization of deferred financing costs associated with commitment fees and expenses incurred related to the post emergence capital structure as set forth in the Disclosure Statement.

(d) Tax Expense: Tax Expense is limited to federal income tax expense calculated based upon the assumptions and analysis described above and in Article IX of this Disclosure Statement – 'Certain U.S. Federal Income Tax Consequences Of The Plan' and the Debtors' best estimate of the amount and timing of such taxes.

(e) Cash and Cash Equivalents: The estimated cash effects of emergence are assumed to take place on the close of business on January 10, 2009 and are summarized as follows:

- Funding of the $344.0 million Term Loan Facility.
- Investment by the Equity Investors of $85.8 million and $44.2 million relating to the New Convertible Secured Notes and New Common Stock, respectively.
- The trustee of the rabbi trust holding certain assets of the SERP (estimated at $6.5 million) remits such funds to the Reorganized Debtors.
- Repayment of the estimated DIP Credit Agreement debt outstanding of $138.0 million.
- Transaction fees and expenses under the plan are estimated to be $40.1 million, $12.3 million of which are to be paid prior to emergence, leaving a final estimated payment of $27.8 million at emergence.
- Estimated payment of $13.2 million for Administrative and Cure Claims.
- Estimated payment of $9.0 million for Chapter 11 professional fees on emergence.
- Employee related payment of $3.5 million.
- Transfer of $239.6 million to restricted cash to cash collateralize outstanding letters of credit.
- Estimated payment of $5.9 million for the Creditors Trust and fees.

$'s in millions

Sources of Cash	
Unrestricted Cash as of Close of Business 1/10/09	$ 22.4
Restricted Cash	21.1
Term Loan	344.0
Secured Convertible Debt Investment - Equity Investors	85.8
Common Equity Investment - Equity Investors	44.2
Transfer of Cash Held in Rabbi Trust	6.5
	523.9
Uses of Cash	
Repayment of DIP Credit Facility	$ 138.0
Transaction Fees & Expenses	27.8
Administrative Claims	13.2
Professional Fees	9.0
Employee Related Payments	3.5
Restricted Cash for LCs	239.6
Cash to Creditors' Trust & Fees	5.9
	436.9
Unrestricted Cash Balance at Emergence	$ 87.1

(f) Restricted Cash is posted to cash collateralize outstanding Letters of Credit.

(g) Accounts Receivable includes all receivables net of bad debt reserves.

(h) Other Current Assets include deferred taxes and pre-paid items such as insurance, utilities, rent and other miscellaneous items.

(i) Net Property and Equipment has been valued at its net book value. Depreciation and amortization in fiscal years 2009-2014 have been calculated based on those book values using methods consistent with past company practices. The Company intends to obtain independent appraisals for determining fair value of these assets as part of its efforts to assign fair values in “fresh start” accounting as of the Effective Date. The nature, value and length of depreciable or amortizable lives resulting from the appraisals could differ materially from the historical net book values.

(j) Other Assets primarily includes intangibles and other miscellaneous items.

(k) Accrued Expenses includes amounts for restructuring expenses, pension liabilities, workers’ compensation obligations, auto and general liability obligations, employee related expenses and other miscellaneous accruals. All liabilities associated with the ABA Defined Benefit Plan are considered Liabilities Subject to Compromise and have been eliminated upon emergence. The dispute regarding the nature of the plan is currently the subject of litigation as more fully discussed in Section VI.H.8 of the Disclosure Statement.

(l) The Projections account for the elimination of Liabilities Subject to Compromise at emergence as a credit to the Stockholders’ Equity, with the exception of the portion of the Prepetition Lender Claims that were exchanged for the $142.3 million New Third Lien Term Loan and $85.8 million of New Convertible Secured Notes. The estimation standards and accounting recognition of claims may differ from the amount of claims allowed for Plan purposes. Actual allowed unsecured claims may be materially different.

(m) Reflects $344.0 million in proceeds from the new Term Loan Facility adjusted for the accrual of PIK interest and repayments from the proceeds of asset sales, as required under the terms of the credit agreement.

(n) Other Liabilities include the long-term portion of accruals related to worker’s compensation obligations, auto and general liability obligations, retiree medical benefits, and other miscellaneous items. All liabilities associated with the ABA Defined Benefit Plan are considered Liabilities Subject to Compromise and have been eliminated upon emergence. The dispute regarding the nature of the plan is currently the subject of litigation as more fully discussed in Section VI.H.8 of the Disclosure Statement.

(o) The actual amount of emerged company Stockholders’ Equity will be subject to future adjustment pending future Bankruptcy Court actions, the determination of Reorganization value under “fresh start” accounting, the ultimate settlement of Liabilities Subject to Compromise, further developments with respect to Disputed Claims and/or other events.