

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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January 11, 2013

To: All Local Unions with Members Formerly Employed by Hostess Brands, Inc.

We are providing you with this updated information since several Local Unions were contacted by former Hostess Brands employees who continued to work, temporarily, during the Company's wind down of operations.

At the time of the Hostess Brands shutdown in late November, 2012, the bankruptcy judge approved the Company's request to implement an "Employee Retention Plan" ("ERP"). Pursuant to the ERP, Hostess would pay to all employees, bargaining unit and non-bargaining unit, who were selected to work during the wind down of operations and who completed their assigned tasks after November (the "Retention Period") a bonus of 25% of their compensation earned during the wind down period. The bankruptcy court also authorized the Company to require a Release from those employees selected to participate in the ERP, in return for the bonus payment. The estimated period of retention for each participant in the ERP varies depending on the participant's responsibilities and the needs of the Company.

Since then Hostess provided employees who continued to work during the Retention Period with a "*Release and Waiver of Claims Agreement*" that was not reviewed by, or negotiated with, the Teamsters, or other unions, and required it to be signed and returned within 20 days of its receipt by the employee. As approved by the bankruptcy judge, the Company has required each employee to sign and return a Release as a condition for receiving payment of the ERP bonus.

Several Teamsters members have contacted their Local Unions to inquire whether they should sign the release form they received from the Company. Counsel for the IBT-IBC National Negotiating Committee then contacted Hostess lawyers and a new, revised Release form that includes certain changes was prepared and will be used in the future. A copy of the revised Release that will be used for those who already received the prior release but did not execute it is enclosed. Terminated employees subject to the ERP who received a release form but did not execute it and are now receiving the new form will have until January 31 to execute and return it so it is received by the company by that date. Terminated employees who are receiving a release form for the first time will have 20 days from the date they receive the revised Release, to sign and return it to Hostess so it is received by Hostess within the 20 days to meet that deadline. The new Release form itself states that the original Release should be discarded, and employees should return an executed version of the new, revised Release. The Company has agreed

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that in the event an employee has already executed and returned the earlier form of Release and there are any issues of interpretation or clarification of its provisions, the new, revised Release will govern.

The new Release clarifies and confirms that an employee executing the Release is **NOT** waiving or releasing any claims under the collective bargaining agreement (e.g. contract claims, such as severance, vacation, and other pay), and is **NOT** waiving any workers' compensation claims he or she may have. Of course, any contract claims will have to be pursued through grievance process or the bankruptcy court as part of the liquidation of Hostess.

However, an employee who executes the revised Release **WILL** waive any other potential statutory claims, including any potential WARN Act claims. Two law firms have filed WARN Act class action lawsuits, but it is not clear the extent to which they cover employees who continued to work during the wind down period, and there has been no certification of the proposed class in either case. At this point, we cannot predict the outcome of any particular lawsuit or bankruptcy claim under the WARN Act that might include employees who continued to work during the Retention Period, how long any such litigation would take, and the extent to which funds would be available to pay such claims if they are upheld. The Company has taken the position that any such claims are not valid and would not be successful.

We do know that the bankruptcy judge has approved payment of the retention bonus and that funds are available to pay the bonus. **Each employee who continued to work during the Retention Period will have to decide for himself or herself whether to sign and return the revised Release, obtain the bonus payment, and waive potential statutory claims, including potential WARN Act claims, or give up the bonus, not sign the Release, and wait to see if there is any viable WARN Act claim, or other statutory claim, that may apply to them and whether there are funds available in the future to pay such claim(s).**

If you have any questions pertaining to the above or the enclosed Release, please contact the IBC-IBTNNC Hostess bankruptcy counsel, Richard Seltzer, at (212) 356-0219, or IBT Bakery and Laundry Conference counsel, George Faulkner, at (216) 781-3600. Thank you.

Fraternally yours,

Dennis Raymond

Dennis Raymond
Director

DR:ms
Encl.

Cc: Ken Hall, IBT General Secretary-Treasurer
Bradley T. Raymond, IBT General Counsel
Iain Gold, Director, IBT Strategic Research & Campaigns Department
Dave Dudas, Chairman, IBT Bakery and Laundry Conference
IBT Bakery and Laundry Conference Executive Board
Richard M. Seltzer, Esq.
George H. Faulkner, Esq.

RELEASE AND WAIVER OF CLAIMS AGREEMENT

1. **Introduction.** On November 30, 2012, the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) approved the Employee Retention Plan (the “**Plan**”) in connection with the winddown of Hostess Brands, Inc. and its affiliated debtors, which Plan is incorporated by reference herein. You are eligible for a retention payment if you meet the Plan requirements. One of the Plan requirements that employees must satisfy before they can receive a retention payment is the execution of a release and waiver of certain claims against Hostess Brands, Inc. and its five domestic direct and indirect subsidiaries, including Interstate Brands Corporation (“**IBC**”). All of these company entities will be referred to together in this Release Agreement as the “**Releasees**,” and together with you as the “**Parties**.” Your execution and return of this Release pursuant to the terms herein will satisfy the Plan’s release and waiver requirement.

2. **Claims That Are Not Released Or Waived (“Excluded Claims”).** Your execution of this Release will not affect your right, or (where applicable) the right of your union representative on your behalf, to assert the following Excluded Claims:

Certain claims for wages or benefits asserted against the debtors’ estate before the Bankruptcy Court. If you believe that you have claims for unpaid vacation pay, sick pay, severance pay, personal days or any other contract claim for unpaid wages or benefits, you may assert a claim against the Releasees’ estate before the Bankruptcy Court. The Bankruptcy Court will then consider and process those claims. You may also proceed with any workers’ compensation claims you may have.

Other bankruptcy-related claims. You are not waiving your right to assert claims against the applicable debtor’s estate that are or may be encompassed by any proof of claim filed by your international and/or local union representative or any pension fund in which you participated, or any claim for administrative expense priority with respect to unpaid severance or vacation pay that you may have against any of the debtors’ estates in the event any of the Releasees are determined to be administratively insolvent.

Claims arising under the Plan. You are not waiving your right to assert a claim against IBC regarding your rights under the Plan, pursuant to the terms of the Plan.

Claims for indemnification. You are not waiving your right to assert a claim regarding any indemnification rights you may have pursuant to the articles of incorporation, by-laws and/or charter of the Releasees and/or any other indemnification agreement pursuant to which you may have a right to recover.

Administrative Charges. You are not waiving your right to file an administrative charge of discrimination under any applicable statute, or your right to participate in an investigation conducted by an administrative agency. However, you are waiving your right to accept any monetary relief with respect to any such claim that can be lawfully released under this Release.

Claims that may arise after your execution of this Release. You are not waiving any claim that may arise after your execution of this Release Agreement and/or any claim arising out of or related to the interpretation of application this Release Agreement.

Finally, to the extent that any claim may not be waived as a matter of law, it is an Excluded Claim and not included within the scope of the claims you are agreeing to release.

3. Claims That Are Released And Waived. By signing this Release in exchange for the retention payment provided for in the Plan, you, on behalf of yourself, and your heirs, legal representatives, agents, attorneys, personal representatives, successors, executors, administrators and assigns (together, the “**Releasor Parties**”), irrevocably and fully waive, release and forever discharge each of the Releasees, and their subsidiaries, and each of their professionals, officers, directors, agents, and each of their successors and assigns, and each of their respective affiliates (together, the “**Releasee Group**”) from any and all other claims you may have against them, whether known or unknown, excluding the Excluded Claims, including but not limited to: (a) any claims under Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the Equal Pay Act, as amended, the Employee Retirement Income Security Act, as amended (with respect to unvested benefits), the Civil Rights Act of 1991, as amended, Section 1981 of U.S.C. Title 42, the Sarbanes-Oxley Act of 2002, as amended, the Worker Adjustment and Retraining Notification Act, as amended, and all applicable state and local statutes that may be legally waived with respect to potential labor and employment claims by the Releasor Parties, including, but not limited to, any state or local anti-discrimination statute, wage and hour statute, leave statute, equal pay statute and whistleblower statute and/or any other Federal, state or local law (statutory, regulatory or otherwise) that may be legally waived and released with respect to such claims and (b) any tort and/or contract claims, including, but not limited to, any claims of wrongful discharge, defamation, emotional distress, tortious interference with contract, invasion of privacy, nonphysical injury, personal injury or sickness or any other harm.

If you reside and/or worked in the State of California, you also specifically waive the protections of California Civil Code Section 1542, which states that “a general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

4. Knowing And Voluntary Acknowledgments. You expressly acknowledge and agree that the Releasee Group, and any member thereof, may rely on this Release as a complete defense that will fully and finally bar any known or unknown claim or claims against the Releasee Group that are not Excluded Claims and are released above.

You expressly acknowledge and agree that you have read this Release in its entirety and understand all of its terms.

Your signature below constitutes a knowing and voluntary assent to all of the terms of this Release Agreement, including the release and waiver of claims.

You expressly acknowledge and agree that this Release Agreement, including the release and waiver of claims, is being requested in connection with your contemplated retention payment under the Plan and is exchange for good and valuable consideration in addition to anything of value to which you are otherwise entitled.

5. Effective Date And Return Procedure. This Release Agreement shall become effective on the date the Hostess Brands Inc. Human Resources Department receives a signed copy of the Agreement at the address listed below. Such date shall be the “**Effective Date**” of this Release. **If this Release is not executed and received by the Human Resources Department at the address listed below by January 31, 2013 this Release will become null and void.** No payments will be made to you under the Plan before the Effective Date.

To accept this Release Agreement, you must deliver a signed and dated Release to the Human Resources Department, Hostess Brands, Inc., PO Box 419627, Kansas City, Missouri 64141-6627, within the time period set forth above.

6. Prior Agreement. If you received a prior version of this Release and Waiver of Claims Agreement on or about December 11, 2012 (“**December 11 Agreement**”). This Release Agreement is being provided to you to clarify which claims are released and which claims are excluded from the waiver and release.

If you have not yet executed and returned the December 11 Agreement, you should discard it and return an executed version of this Release Agreement to Human Resources at the address listed above within the time period set forth above.

Unless specifically provided herein, this Release Agreement, as well as the Plan constitute and contain all of the understandings and representations between you and the Releasee Group pertaining to the subject matter hereof and supersede all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The Parties mutually agree that this Release Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of this Release Agreement.

7. No Admission. You agree and understand that this Release Agreement does not constitute an admission by the Releasee Group of any (a) liability; (b) violation of any federal, state, or local law, regulation, order, or other requirement of law; (c) breach of contract, actual or implied; (d) commission of any tort; or (e) other civil wrong.

8. Governing Law. This Release Agreement, for all purposes, shall be construed in accordance with the laws of the State of Delaware without regard to conflicts-of-law principles. Each of the Parties hereby irrevocably consents to the jurisdiction of the Bankruptcy Court with respect to any claim arising out of or related to this Release and expressly waives any right to commence any such action in any other forum.

9. Modification and Waiver. No provision of this Release Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by both parties. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or

subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

10. Severability. Should any provision of this Release Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Release shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Release Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Release.

The parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Release Agreement in lieu of severing such unenforceable provision from this Release Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Release Agreement or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law.

The parties expressly agree that this Release Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Release Agreement be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Release Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been set forth herein.

11. Tax Compliance. This Release is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (“**Section 409A**”) or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Release, payments made in connection with this Release may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Notwithstanding the foregoing, the Releasees make no representations that the payment provided under this Release complies with Section 409A and in no event shall the Releasees be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Releasor on account of non-compliance with Section 409A.

12. Counterparts. This Release may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Release by telecopy or by electronic delivery in Adobe Portable Document Format will be effective as delivery of a manually executed counterpart of this Release.

YOU ARE HEREBY SPECIFICALLY ADVISED THAT YOU HAVE THE RIGHT TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS AGREEMENT. YOU HEREBY ACKNOWLEDGE AND AGREE THAT YOU HAVE HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF YOUR CHOICE BEFORE SIGNING THIS AGREEMENT.

[SIGNATURE PAGE FOLLOWS]