

IBC-IBTNNC

*Interstate Brands Corporation – International Brotherhood of Teamsters
National Negotiating Committee*

25 Louisiana Avenue, NW, Washington, DC 20001



HOSTESS MEMBER UPDATE

July 6, 2012

There has been little to report since our last formal update of June 1, as there has not been any significant breakthrough in our discussions. However, we continue to work to get to an agreement with the Company and its senior lenders – hedge funds Silver Point Capital and Monarch Alternative Capital – and potential new investors.

A key difference in our proposals deals with the structure of the pension benefit going forward. Our proposal gives all the Teamsters pension plans to which Hostess contributed the right to accept Hostess as a contributing employer if the funds meet certain conditions. The Company wants to put every Hostess Teamster in one of two small plans. We also have much stronger shared sacrifice language, governance controls, debt forgiveness, and upside in the form of equity in the new company than what the company proposed.

While there are indications the company and the lenders may be willing to move off their position on the pensions and allow our members to continue in funds other than the two small funds, it would come at a very high cost in terms of additional concessions and it is our belief based on feedback from Teamster Hostess members that we have already gone as far as we can go, particularly in the absence of an overall restructuring where everyone makes an appropriate contribution.

We've continued, in a variety of settings, to try and bridge the gap with the Company and the senior lenders to convince them that the Company needs to focus more on improving its operations in areas such as inventory control, and trade spend, rather than rely solely on cuts on the backs of the workers. Additional talks are scheduled for the week of July 9th.