



HOSTESS MEMBER UPDATE

November 27, 2012

Judge Approves Motion to Move Forward with Hostess Liquidation Process

At an emergency hearing on Wednesday, November 21st the bankruptcy judge approved a series of motions (in most cases on an interim basis until the final hearing scheduled for November 29th) in relation to the 'wind down' of Hostess Brands Inc.'s operations. At the beginning of the hearing the judge confirmed that the mediation he requested among key stakeholders was unsuccessful and that further details about the mediation would not be disclosed.

This is truly a sad development for thousands of families affected by the closing of this company. We want to assure our members that despite this outcome, they do not stand alone and their union will continue to work hard on their behalf.

In the coming days, we will be focusing our efforts on ensuring that you receive what you are owed in the form of wages for hours worked and accrued benefits. We will also make sure you understand your options and we will assist you in filing for unemployment benefits and connect you with local labor councils and agencies that offer other out-of-work assistance.

In terms of claims, as you may remember, earlier in the bankruptcy there was a process to file claims against Hostess for amounts owed prior to January 11, 2012 when the company filed for bankruptcy. In that process those claims had to be filed by the "bar date" of April 24, 2012. As of now, a new bar date, for example for unpaid claims since January 11, 2012, has NOT been established and it may be some time before it is clear what post-petition claims are being paid and which are not.

It is also likely that there will be a new bar date established. **Therefore, while individuals and local unions can take whatever actions they feel appropriate, it may make the most sense to monitor what categories are paid and not paid, gather information on unpaid claim amounts, and wait until a new bar date is established before filing new proofs of claim.** We will communicate with your local unions as soon as the new "bar date" is set.

We estimate that the wind down and liquidation process may take from six months to a year. As part of a wind down program approved by the court, during the initial two months a small percentage of Hostess workers (approximately 300 Teamsters) may be asked to continue to work for the company on an interim basis.

Among the relief approved on an interim basis:

- All employees, union and non-union (excluding senior management employees) who work during the wind down period

will receive an extra payment equal to 25 percent of their wage compensation during the wind down period.

- The court approved that for a two month period certain changes to all collective bargaining agreements that include the following, *but only to the extent necessary to effect the wind down plan:*
 - o The company may offer work to remaining employees without being subject to the work rule and/or job classification restrictions contained in the company's final offer or any collective bargaining agreement, and the company may assign any work to any remaining employee without regard to whether that work would otherwise be non-bargaining unit work for the remaining employee.
 - o The company may hire temporary employees and/or third party contractors to complete wind down-related tasks without being subject to any applicable restrictions contained in the company's final offer or any collective bargaining agreement.
 - o The company may select which remaining employees may perform wind down-related tasks without being restricted by any restrictions contained in the company final offer or any collective bargaining agreement, including with respect to seniority.

The Teamsters initially objected in writing and maintained our objection during the hearing to any relief from requirements of collective bargaining agreements. However, as a result of our initial objection, the company limited its requested relief to two months rather than a year or more, limited all the relief to only that which is necessary to implement the wind down plan and eliminated any requested changes to vacation pay and sick pay.

In addition, as part of a tentative agreement between the creditors committee and the secured creditors, every current employee will receive an additional sum of approximately one day's pay. This agreement must be approved by the court at a future time.

Finally the bankruptcy court held that, at least for now, it was in the best interest of creditors and employees for the case to remain in Chapter 11 and the liquidation be administered by current management.

We will also continue to keep you informed about any developments that may occur at www.teamster.org/hostess.