



HOSTESS MEMBER UPDATE

November 30, 2012

At a hearing on Thursday, November 29, the bankruptcy judge gave final approval to a series of motions (that in most cases had been approved on an interim basis last week) in relation to the 'wind down' of Hostess Brands Inc.'s operations.

During the questioning by one of the Teamsters' lawyers a company witness testified that any monies deducted from payroll payments, like health and welfare co-pay contributions, would be paid to the entity for whom those monies had been deducted.

The company's investment banker testified that there continued to be strong interest in the company's brands and potentially other assets (over 110 potentially interested parties had been in contact so far). The company was requesting that initial letters of intent be submitted by December 10, and that the company hoped to file motions in court in connection with offers in mid or late January.

In terms of claims arising since the bankruptcy was filed, the judge did not set a new bar date but commented that it might be appropriate to do so at some point going forward. Again our recommendation is that you document all potential claims and be prepared to file them as soon as date is confirmed.

As part of Thursday's proceedings the court gave final approval to:

- The company's request that 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 company's request for bonus program for 19 top executives (excluding the CEO) that will only be paid out if certain goals concerning collections and costs are reached. The IBT objected to approval of this program but that objection was overruled.
- The court's approval to certain interim changes to all collective bargaining agreements that we previously described was already effective for two months pursuant to the earlier hearing and no further action regarding those changes was taken on Thursday.

There was confirmation of a tentative agreement between the creditors committee and the secured creditors that every current employee will receive approximately an additional day of pay, and we expect a court filing seeking approval of that agreement will be made soon.

Finally the bankruptcy court continued to hold that 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. The judge did not hear the Motion of the Bakery, Confectionary, Tobacco Workers and Grain Millers Union (BCTGM) and BCTGM Fund for appointment of a Chapter 11 trustee to take over the case, he in effect postponed that motion indefinitely, and expressed continuing frustration with the positions of the BCTGM and BCTGM fund.

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