

May 4, 2012

VIA USPS
Bill McEntaffer
700 Governors Drive
Pierre, SD 57501-2291

VIA USPS
Mike Huether
Mayor
Mayor's Office
224 W. Ninth St.
(City Hall - First Floor) PO Box 7402
Sioux Falls, SD 57117

VIA USPS
Dick Kelly
Chairman, Minnehaha County Commission
2409 S. 3rd Ave
Sioux Falls, SD 57105

Re: Conditional Notice Pursuant to the Worker Adjustment and Retraining Notification Act

Dear Mr. McEntaffer:

Hostess Brands, Inc. (including its affiliate Interstate Brands Corporation, "Hostess" or the "Company") filed for chapter 11 relief on January 11, 2012 (the "Filing"). The Company has been actively engaged in discussions with various lenders and potential purchasers regarding Hostess' restructuring both before and after the Filing. Our primary focus is to complete our restructuring of the Company and emerge from chapter 11 as a viable company. However, it is possible that, despite our best efforts, certain events may occur that would require Hostess to sell all or portions of its business and/or wind down its operations and liquidate.

Despite the uncertainty of what may happen, the federal Worker Adjustment and Retraining Notification Act and certain related State statutes (collectively, "WARN") generally require employers to provide advance notice in the event of certain covered employment actions. To comply with any WARN obligations Hostess may have, this letter is intended to give you conditional notice that, based upon the best information reasonably available to Hostess at this time, it is possible that one of the following events may occur:

- The board of directors authorizes, or seeks court authorization for, the pursuit of a sale of all or a substantial portion of all of Hostess' assets;
- The board of directors authorizes, or seeks court authorization for, Hostess to stop pursuing the restructuring of its business;
- More than 20% of Hostess' aggregate workforce is laid off after January 11, 2012;
- Hostess receives an unsatisfactory resolution of its pending motion before the bankruptcy court regarding certain modifications to its collective bargaining agreements with the Bakers and/or the Teamsters;
- There is a strike, walkout, lockout, slowdown or other work stoppage that is likely to have a material

adverse effect on Hostess; or

- Hostess seeks bankruptcy court approval to commence a sale of property while in bankruptcy which accounts for more than 20% of Hostess' consolidated net sales as reported on Hostess' financial statements for the twelve-month period preceding January 11, 2012.

If one of these events occurs, Hostess may begin the process of permanently ceasing operations, and significantly scaling down operations at its Sioux Falls SD - 1300 W 41st S located at 1300 West 41st Street, Sioux Falls, SD 57105, as early as 60 days from the receipt of this notice. In such an event, Hostess currently expects substantially all employee separations to occur within 60 days of the receipt of this notice or within a 14-day period thereafter. At the end of this process, the entire Sioux Falls SD - 1300 W 41st S would be permanently closed. There will be no bumping rights available to employees in this circumstance.

A listing of the job titles of the positions that we would expect to be affected, and the names of the employees in each of those job classifications is attached as Attachment A.

Some of the affected employees are represented by one of the twelve unions listed below. The chief elected union officers and their addresses are:

[REDACTED]
General President

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
International President

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
International President

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
President

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
President

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
General President

[REDACTED]

[Redacted]

[Redacted]

President

[Redacted]

[Redacted]

President

[Redacted]

[Redacted]

President

[Redacted]

[Redacted]

President

[Redacted]

[Redacted]

President

[Redacted]

[Redacted]

International President

[Redacted]

Hostess has sent notice to the International Presidents of the above-listed unions and provided copies to their Local Business Agents.

Again, our primary focus is to complete our restructuring and emerge from chapter 11 as a viable Company. If you have any questions, or would like further information, please contact our AskHR call center at 1-800-Hostess (1-800-467-8377).

Very truly yours,



Christopher J. Knipp

Attachment A

Work State	SD
Location/Title	Headcount
3085	10
Lead Store Clerk	1
[REDACTED]	1
Loader	1
[REDACTED]	1
Route Sales Rep	5
[REDACTED]	1
[REDACTED]	1
[REDACTED]	1
[REDACTED]	1
Rte Sales Rep Rel	1
[REDACTED]	1
Store Clerk	2
[REDACTED]	1
[REDACTED]	1
Grand Total	10