

Hostess Brands



CHIEF EXECUTIVE OFFICER

6031 Connection Drive, Suite 600, Irving, TX 75039
Office: 972-532-4500 Fax: 972-892-7694

GREGORY F. RAYBURN

November 12, 2012

Dear Hostess Brands Employee,

I want to update you on an action that the Company has been forced to take. Hostess Brands Inc. announced that it will permanently close three bakeries as a result of a nationwide strike initiated on November 9 by the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (Bakers Union). The strikes have prevented the facilities from producing and delivering products.

Our customers will not be affected because we will continue to serve them from other Hostess Brands bakeries, but sadly this action will result in the permanent closure of three facilities and the loss of 627 jobs. We deeply regret this decision, but we have repeatedly explained that we will close facilities that are no longer able to produce and deliver products because of a work stoppage – and that we will close the entire company if widespread strikes cripple our business.

The bakeries to be closed are located in Seattle, St. Louis and Cincinnati. Some employees are apparently under the misimpression that if they force Hostess to liquidate, another company will buy our bakeries and offer them employment. The fact is, the bakery industry already has far too much capacity, and there is a strong risk that many of our facilities may never operate as bakeries again once they are closed. I believe the leadership of the Bakers Union knows this fact, but is willing to sacrifice its Hostess employees for the sake of preventing other bakery companies from asking for similar concessions.

The hardest part of the decision to close any facility is knowing that it will result in the loss of jobs for those Hostess Brands employees who did not support the strike and who wanted to help revive the Company. They didn't ask for these strikes, but they are paying a terrible price for them.

We need all employees working toward the same goal. At this fragile point in our path out of bankruptcy, we risk serious, permanent damage to our business. Please understand that the very existence of Hostess Brands is on the line and make your choices accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Rayburn", with a long horizontal line extending to the right.

Gregory F. Rayburn
Chief Executive Officer