

BAKERY OUTLETS

All,

You may have heard rumors that the BCTGM union is calling for its members to picket at plants around the country in coming days. The Company has in fact received notices of the union's intent to honor any picket lines set up at various facilities.

We are actively asking our BCTGM represented employees to make an informed decision before deciding whether to engage in a work stoppage. As our executives have said before, a widespread work stoppage will force the liquidation of Hostess Brands if we are unable to produce or deliver products.

It is our hope that our BCTGM represented employees will continue to work regardless of any picket lines that are established, and give this company an opportunity to succeed.

We will continue to provide updates as we learn more information.

Hostess Brands



CHIEF EXECUTIVE OFFICER

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GREGORY F. RAYBURN

November 12, 2012

Dear Hostess Brands Employees:

As you may know, the BCTGM announced a nationwide strike on Friday. I want to provide you with an update on our current status.

As of last night, picketing activity is taking place at approximately 23 of our 36 plants. At approximately half of those 23 plants, enough BCTGM-represented employees are crossing the picket lines to allow us to continue normal operations. However, at the remaining half, few are crossing, and we are unable to maintain full operations.

I hope that the striking employees will reconsider and return to work immediately. However, if they do not, we will be forced to make the difficult decision to permanently close certain locations due to our inability to resume full scale production. I expect that decision to be made some time today.

I will update you later today as decisions are made.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Rayburn", followed by a horizontal line.

Greg Rayburn
Chief Executive Officer

Hostess Brands



Employee Q&A- Strike Scenario

Q. If the Bakery, Confectionery, Tobacco Workers & Grain Millers International Union (BCTGM) employees strike, will the company shut down?

A. Yes. Any meaningful work stoppage will quickly force us to shut down Hostess Brands.

After looking at all the facts, the bankruptcy judge commented on the results of a strike:

"There's not much I can do about that prospect (a strike)...if the bakers did in fact strike, they would be in all likelihood causing the liquidation of the debtors and the loss of most, if not all, of their jobs. I just want to make clear to them that the debtors (Hostess) ... have made a clear and convincing case that the only alternative here is liquidation."

Q. Why would a strike force Hostess to shut down?

A. Hostess would be crippled under a strike because it would be unable to hire replacement workers to make our products and our customers would be unlikely to accept any interruption of operations and would go elsewhere. If that happens, our lenders would stop funding our operations.

Q. Won't the Company return to the bargaining table with a better offer if there's a strike?

A. No. Hostess made its last, best and final offer and there will be no more negotiation other than the one required to implement a new contract with about employees represented by the BCT whose contracts expired earlier this year.

Q. I have heard that there is another company or group "waiting to buy" Hostess and keep us all employed. Is that true?

A. This is completely false. There is no secret buyer waiting to purchase Hostess Brands. The supposed buyer that the BCTGM leadership suggested was interested in buying the Company was not a buyer at all but an investment bank that recently offered to try to *find* a buyer. The banker had no available financing, never offered a written proposal – and its plan included doing away with all of our union drivers.

The bankruptcy judge overseeing our case recently reviewed the BCTGM's claim that there is another potential buyer. After looking at all the evidence, he stated: "The suggestion that there was a buyer waiting in the wings is simply not true."

Q. Has Hostess tried to fund a buyer for the entire Company?

A. Yes. Hostess began looking for a buyer after emerging from its last Chapter 11 reorganization in 2009. The goal was to combine with a strong partner that could provide additional capital and improve our competitiveness.

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More recently, our investment banker, Perella Weinberg Partners LP, contacted 41 parties in an attempt to locate an investor willing to provide the capital Hostess needs to emerge from bankruptcy. Despite this comprehensive investor solicitation process, only one viable outside investor emerged. That potential investor made its investment proposal contingent upon Hostess exiting all but a few of the multiemployer pension plans in which it currently participates.

Q. If I participate in a strike, will I get unemployment benefits?

A. It depends on what state you are in. In some states, striking employees are not entitled to unemployment benefits while in others they are.

Q. Will the union pay me a strike benefit if we go on strike?

A. We don't know. You should ask the union for a promise, in writing, about when any strike pay would begin, how much it would be, and how long it would last.

Q. If the union calls for a strike, will I lose my seniority if I cross the picket line?

A. Absolutely not! You cannot lose your seniority if you cross a picket line. Under the National Labor Relations Act you have the legally protected right to cross a picket line just as you have the legally protected right to go on strike. You will not lose your seniority because you cross a picket line.

Unfortunately, any meaningful work stoppage will force the Company to shutdown, destroying the jobs of even those employees who want to continue to work.

Q. Will the Company continue paying for my health insurance benefits if I am on strike?

A. No. If you are not working through a strike, the Company will stop making health insurance and all benefit contributions on your behalf because contributions are generally made for "working members" only.

Q. I have heard that if there is a strike and I cross the picket line, I will lose my job and never work again at a union plant. Is that true?

A. No, that's not true! The union cannot threaten you for coming to work, even if they call for a strike. Neither can they keep you from working in a unionized bargaining unit in the future. The union also cannot penalize you in terms of your seniority, wages, health insurance or other benefits if you decide to cross a picket line. You have a federally guaranteed right to choose to work or not work, even if the union calls for a strike.

Contact the National Labor Relations Board (NLRB) if you have any questions about your right to work.

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Q. If there is a strike, what choices do I have?

A. Employees have some important rights and choices. You have the right to decide you want to go on strike – that is a protected right. This means you also have the right to remain at work. That is a federally protected right as well. Even if the union calls for a strike, you have the right to come to work.

Q. If I want to come to work during the strike, how do I do that?

A. If there is a strike, you have the right to come to work if you want to, and we urge you to do so. You can either report to work for your regularly scheduled shift, or you can call the plant and ask for the Human Resource Manager to see if there are any special instructions.

Q. I have heard that if I cross the picket line, the Union can fine me. Is that true?

A. Possibly. Many unions maintain internal constitution or bylaw language giving them the right to fine their members for working during a strike. If you are a union member, one way to avoid such a fine is to resign from the union prior to returning to work. If you decide to resign in order to work without being subject to fine, you should send a dated letter to the union by certified mail, return receipt requested, or by hand delivery to the union office, saying, "I resign," or words to that effect. Keep a copy for your records.

You have the legal right to resign from the union and cross a picket line. You will not lose your job for crossing a picket line. You will not lose seniority or any other rights under the union contract.

The choice of resigning your membership in the union is completely yours. We will never require notification of whether you have or haven't remained with your union.

Q. Will the Company provide security for me at work?

A. Absolutely, but only for the time that the Company would still be in operation. If a strike is called, it is our intent to provide security at all of our plants where a strike occurs to help employees cross a picket line should they decide to do so. We will also do what we can to provide secure parking areas for employees who decide to come to work.

Of course there would be no reason to come to work if Hostess is shut down.

If you are threatened outside of work, and you believe that you are in danger, you should immediately call 911.