

IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MISSOURI
KANSAS CITY DIVISION

----- X
In re: :
 : Chapter 11
INTERSTATE BAKERIES :
CORPORATION, et al., : Case No. 04-45814 (JWV)
 :
Debtors. : Jointly Administered
 :
 : **Hearing Date: March 12, 2008**
 : **Hearing Time: 9:00 a.m.**
 : **Obj. Deadline: March 5, 2008**
 :
----- X

**DECLARATION OF RICHARD B. COOK
IN SUPPORT OF (1) MOTION FOR ORDER UNDER 11 U.S.C. § 1113(C)
AUTHORIZING REJECTION OF COLLECTIVE BARGAINING AGREEMENTS
WITH TWO LOCAL AFFILIATES OF THE BAKERY, CONFECTIONARY,
TOBACCO WORKERS AND GRAIN MILLERS INTERNATIONAL UNION,
(2) MOTION FOR ORDER UNDER 11 U.S.C. § 1113(C) AUTHORIZING REJECTION
OF COLLECTIVE BARGAINING AGREEMENTS WITH THE UNITED FOOD AND
COMMERCIAL WORKERS, AND (3) MOTION FOR ORDER UNDER 11 U.S.C. §
1113(C) AUTHORIZING REJECTION OF COLLECTIVE BARGAINING
AGREEMENTS WITH EIGHT LOCAL UNIONS**

STATE OF MISSOURI)
) ss.:
JACKSON COUNTY)

I, Richard B. Cook, hereby declare (the "Declaration") that the following is true to the best of my knowledge, information and belief:

1. I am the Vice President -- Labor Relations of Interstate Bakeries Corporation, ("IBC" or the "Company") which, along with eight¹ of its subsidiaries and affiliates, are debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors").

¹ The following affiliates of IBC have filed petitions for relief under Chapter 11 concurrently with IBC and have requested joint administration therewith: Armour and Main Redevelopment Corporation; Baker's Inn Quality Baked Goods, LLC; IBC Sales Corporation; IBC Services, LLC; IBC Trucking, LLC; Mrs. Cubbison's Foods, Inc., and New England Bakery Distributors, LLC.



2. I submit this declaration in support of IBC's Motion for Order Under 11 U.S.C. § 1113(c) Authorizing Rejection of Collective Bargaining Agreements With Two Local Affiliates of the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union ("BCTGM") (the "BCTGM Motion"); IBC's Motion for Order Under 11 U.S.C. § 1113(c) Authorizing Rejection of Collective Bargaining Agreements With The United Food and Commercial Workers ("UFCW") (the "UFCW Motion"); and IBC's Motion for Order Under 11 U.S.C. § 1113(c) Authorizing Rejection of Collective Bargaining Agreements With Eight Local Unions (the "ABA Plan Motion") (collectively, the "1113 Motions"). Any capitalized terms not expressly defined herein are intended to have the meanings ascribed to them in the 1113 Motions, and references to IBC herein include the Debtors, as appropriate. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, my opinion, my experience with and knowledge of IBC's industrial relations and collective bargaining agreements, or are based upon knowledge obtained from employees of IBC reporting to me in the course of their duties. If I were called on to testify, I could and would testify to the facts set forth herein.

Background

3. IBC has approximately 24,000 employees, the vast majority of whose employment is covered by one of approximately 378 union contracts to which IBC is a party.

4. Most of the Debtors' union-represented employees are members of either the International Brotherhood of Teamsters ("IBT") or the BCTGM. IBC has not yet reached agreement with the IBT, but remains available and open to reaching a mutually-acceptable agreement. The IBT will hopefully choose to achieve the labor contingency by agreeing to modified labor contracts that will achieve the cost savings built into IBC's business plan.

The BCTGM

A. IBC's Negotiations to Reach a Comprehensive Modification Agreement with the BCTGM

5. In July 2007, before beginning negotiations with the BCTGM, IBC provided the BCTGM and its Advisory Committee with presentations in which it outlined the Company's business plan and financial projections with, and without, the Company's proposed changes.

6. In these presentations, IBC explained the reality of increased commodity prices, vigorous competition from bakeries with independent distributorships or without union agreements, and the need to modify its method of product distribution to meet customer needs. IBC also informed the BCTGM of the financial pressures it was under from other constituencies, including debt holders and unsecured creditors.

7. On July 18, 2007, IBC provided the BCTGM with an initial proposal for modifications to its collective bargaining agreements with IBC. IBC then engaged in good faith arms-length negotiations with the union's Advisory Committee -- a committee composed of officers and representatives of the BCTGM and representatives of a cross-section of its Local Unions, including the top officials from Local 50 and Local 334 -- to reach a Comprehensive Modification Agreement.

8. At the time it presented its initial 1113 proposal on July 18, 2007, IBC also expressed its willingness to provide additional information to the BCTGM or its financial advisors should they request it.

9. Neither the BCTGM Advisory Committee nor the Biddeford and Wayne Locals ever informed IBC that they failed to receive all information necessary for to evaluate IBC's proposals.

10. The BCTGM and IBC engaged in high-level negotiations because, as stated in the Comprehensive Modification Agreement, the parties recognize that face-to-face negotiation of modifications on an individual basis with the Local Unions cannot reasonably be accomplished in the time necessary for IBC to exit bankruptcy. A true and correct copy of the Comprehensive Modification Agreement which was sent to the Local Unions is attached hereto as Exhibit A.

11. IBC and the BCTGM Advisory Committee engaged in intense, around the clock negotiations from September 9 through September 12, 2007, and again on September 25 and 26, 2007, regarding the terms of the proposal and reached an agreement on September 28, 2007.

12. In the Comprehensive Modification Agreement, the BCTGM Advisory Committee explicitly recognized that "such modifications are necessary in order for IBC successfully to restructure, secure exit financing and exit bankruptcy." Exhibit A at 1.

13. The modifications contained in the Comprehensive Modification Agreement, taken as a whole, are designed to allow IBC to compete in the industry and survive as a going concern.

14. As stated in the Comprehensive Modification Agreement, the BCTGM Advisory Committee committed to "endeavoring to obtain the agreement and ratification of those recommended modifications by all BCTGM Local Unions in an expeditious manner." Exhibit A at 1.

B. Rejection By The Biddeford and Wayne BCTGM Locals Without Good Cause

15. After IBC and the BCTGM Advisory Committee reached the Comprehensive Modification Agreement, the BCTGM presented the agreement to its Local Unions and their memberships for ratification.

16. At present, 98 percent of the collective bargaining units represented by a BCTGM Local Union ratified the agreement as endorsed by the BCTGM and the BCTGM Advisory

Committee, including other bargaining units represented by Local 50, which, along with Local 334, recommended ratification to their memberships.

17. The memberships of the BCTGM Local No. 334 at IBC's bake shop in Biddeford, Maine, and the BCTGM Local No. 50 at IBC's bake shop in Wayne, New Jersey (collectively, the "Biddeford and Wayne Locals") failed to ratify the Comprehensive Modification Agreement, however, despite recommendations by Local 50, Local 334, the BCTGM and the BCTGM Advisory Committee that the members accept the Modification Agreement.

18. BCTGM Local No. 6, which represents employees at IBC's bake shop in Philadelphia, Pennsylvania (the "Philadelphia Local"), also failed to obtain membership ratification of the Modification Agreement and a proposed Long Term Extension Agreement. However, IBC's collective bargaining agreement with the Philadelphia Local expired in 2005, while the Biddeford and Wayne Local agreements are still in effect. Because IBC was able to implement the Long-Term Extension and Modification Agreements in Philadelphia after bargaining to impasse with the Philadelphia Local, it is not seeking rejection of the Philadelphia Local collective bargaining agreement.

19. To date, IBC does not know what percentage of the Biddeford and Wayne Locals' collective membership of approximately 650 employees voted to reject the Comprehensive Modification Agreement, nor the reasons for the rejection.

20. On February 14, 2008, IBC sent letters to Local 50 and 334 representatives, with copies to representatives of the BCTGM, formally initiating the process under Section 1113 for rejection of the Biddeford and Wayne Local collective bargaining agreements. The Company enclosed with each letter a copy of the Comprehensive Modification Agreement as the Company's Section 1113 proposal to the Biddeford and Wayne Locals. The Company offered

that if the Biddeford and Wayne Locals wanted to discuss the proposal, or needed information about the proposal beyond that already provided to the BCTGM, they should contact the Company's representative. To date, the Company has received no response from the Biddeford and Wayne Local representatives, but has received comments from a BCTGM International representative. True and correct copies of the February 14, 2008 letters are attached hereto as Exhibit B.

21. As applicable to the memberships of the Biddeford and Wayne Locals, the modifications contained in the Comprehensive Modification Agreement include the following principal terms:

- One-year extensions of the existing expiration dates of local collective bargaining agreements;
- Additional wage increases beyond those provided in the existing local collective bargaining agreements;
- Modifications to health and welfare coverage, including:
 - a. Changing from a PPO or POS plan to an Open Access Plus plan,
 - b. Modifications to the initial eligibility period,
 - c. Reduction of out-of-network benefits to 60 percent,
 - d. Modification to prescription drug co-pays, and
 - e. Additional employee contributions to health and welfare coverage staggered over the 2009-2011 time frame;
- IBC's agreement to execute a neutrality agreement with respect to union organizing;
- IBC's agreement to "equality of sacrifice," by providing the BCTGM with certain more favorable terms, if any, reached with the IBT in subsequent negotiations; and
- IBC's agreement to establish a profit sharing program for the benefit of all IBC-union-represented, hourly or non-exempt employees which will essentially provide 10 percent of the Debtors' net income (as defined in the Comprehensive

Modification Agreement) through 2014 to eligible employees, capped at a cumulative \$25 million.

22. IBC's initial proposal and the comprehensive labor deal reached on September 28, 2007 with the BCTGM (the "Comprehensive Modification Agreement") were based on the most complete and reliable information available to IBC at the time, including the Company's most recent revenue and cost projections arising out of its business plan.

23. The Comprehensive Modification Agreement provides IBC with necessary health and welfare cost savings, as well as extensions to its existing collective bargaining agreements and other terms that will provide IBC with stability to implement its business plan in the years immediately following its exit from bankruptcy.

24. Under IBC's best analysis of the ultimate treatment of all constituencies, the Biddeford and Wayne Locals are not being asked to assume more than a fair share of the Debtors' cost-cutting and revenue-enhancing measures.

The UFCW

25. Eighteen of the IBC's 378 labor agreements are with the UFCW, covering approximately 247 employees, or approximately one percent of IBC's total workforce.

26. On July 18, 2007, IBC sent a letter to the Directors of Retail Food and Collective Bargaining for the UFCW to update them on the status of the Chapter 11 proceedings and the Company's negotiations with the BCTGM and the IBT. A true and correct copy of the July 18, 2007 letter is attached hereto as Exhibit C.

27. Through this letter, the Company explained its need for modifications to the UFCW Agreements and informed the UFCW that after the Company reached consensual agreements with the BCTGM and the IBT, the Company would make proposals for fair and equitable modifications to the UFCW Agreements. The Company also warned that Section 1113

proceedings against all or some of the unions representing IBC's employees could be necessary depending on a number of variables, including a potential press for time.

28. Subsequent to the July 18 letter, IBC corresponded with some of the UFCW Locals informally regarding some potential modifications (e.g., pension and health and welfare) while focusing its efforts on reaching consensual agreements with the BCTGM and IBT that would cover the overwhelming majority of the Company's employees and serve as a basis for agreements with the UFCW and other unions representing smaller groups of IBC's employees.

29. The Company has spoken with some of the UFCW Locals periodically, informing them of the Company's progress.

30. In November, the Company contacted the UFCW International again suggesting a meeting to put together a template agreement that would apply to all of UFCW Locals and would be subject to Local ratification.

31. The Company again contacted the UFCW in December and January.

32. Recognizing that face-to-face negotiation of modifications to the UFCW Agreements on an individual basis with the Locals is not an efficient or manageable way to reach agreement in the time necessary for IBC to exit bankruptcy, IBC has been asking the UFCW to meet since November 2007 to discuss an agreement that would apply to all of the Locals. IBC did, in fact, meet with one of the UFCW Locals in December to answer questions. Despite the Company's urgings, however, the UFCW International did not meet with the Company to discuss a modification agreement.

33. While the Company has negotiated historically on a local by local basis with the unions representing its employees, including the UFCW, given the necessity of uniform modifications to all of its collective bargaining agreements as a predicate to its business plan, the

Company has been negotiating with the BCTGM and IBT International unions for template agreements that would be endorsed by the internationals and ratified by the locals.

34. The Company has taken the same approach with the UFCW. Dealing with the international unions promotes a quicker and more uniform way to reach agreement than negotiating with the hundreds of local unions with which the Company has labor agreements.

35. IBC discussed the need for modifications to the UFCW Agreements in July 2007 and then tried to engage the UFCW in further discussions in November and December 2007.

36. Given the UFCW's failure to respond to IBC's request to negotiate a modified agreement, on February 14, 2008, IBC sent a formal proposal to the UFCW with a copy to all of the Locals. A true and correct copy of the Proposal is attached hereto as Exhibit D.

37. The modifications outlined in the Proposal, taken as a whole, are designed to allow IBC to compete in the industry and survive as a going concern. As applicable to the Locals, these modifications include, among others:

- A five-year extension of the existing Local Agreements through April 6, 2013;
- Additional wage increases beyond those provided in the existing Local Agreements in years three, four and five;
- Modifications to health and welfare coverage, including:
 - Employees covered under various health and welfare plans will pay \$40.00 per week in year one the company's required increase would be capped at 10% in years two, three, four and five; and
 - Required health and welfare cost increases over the above-referenced amounts would be deducted from employee wages.
- No planned increases to pension contributions with the understanding that if any pension increased contribution is required by the pension fund then it is to be deducted from employee wages;
- Any future wage, pension, or health and welfare increases currently scheduled after March 1, 2008 are considered null and void, except as provided above; and

- A profit sharing program for the benefit of all IBC- union-represented, hourly or non-exempt employees, including the 247 IBC employees covered by the UFCW Agreements that will essentially provide 10% of the Debtors' net income through 2014 to eligible employees, capped at a cumulative \$25 million.

38. The Proposal is based on the most complete and reliable information available to IBC at the time, including the Company's most recent revenue and cost projections arising out of its business plan.

39. IBC's Proposal, which, for purposes of this Motion, is the Company's final 1113 proposal to the UFCW, provides IBC with necessary health and welfare cost savings, as well as extensions to its existing collective bargaining agreements and other terms that will provide IBC with the ability to have its plan of reorganization confirmed and to have the stability to implement its business plan in the years immediately following its exit from bankruptcy.

40. The cover letter to the Proposal asks the UFCW to meet with the Company as soon as possible to discuss the proposed modifications and informs the union that Section 1113 proceedings are a very real possibility if no consensual agreement is reached prior to the March 12, 2008 confirmation hearing. A true and correct copy of the cover letter to the Proposal is attached hereto as Exhibit E.

41. IBC has made itself available to the UFCW International to discuss its Proposal, and prior to the Proposal made efforts to discuss a mutually-agreeable modification agreement. To date, the Company has received no response from the UFCW International to the Proposal. In the past, some of the UFCW Locals had requested to meet with IBC to negotiate during the time that IBC was negotiating with the BCTGM and the IBT, and four of the Locals contacted the Company after receiving the Proposal. However, none of the UFCW Locals have accepted the Proposal and to date, a majority of the Locals and the UFCW International have not agreed to meet the Company.

42. At the time it presented its Proposal, IBC expressed its willingness to provide additional information to the UFCW or its financial advisors should they request it. The UFCW has never claimed that it has not received the information necessary for it to evaluate the Proposal.

43. Under IBC's best analysis of the ultimate treatment of all constituencies, the twenty local affiliates of the UFCW are not being asked to assume more than a fair share of the Debtors' cost-cutting and revenue-enhancing measures.

The ABA Plan

44. Only eight of the Company's 378 collective bargaining agreements obligate IBC to contribute to the American Bakers Association Retirement Plan (the "ABA Plan").

45. Those eight collective bargaining agreements govern IBC's relationship with only approximately 259 members of its 24,000 person workforce, including the following:

ABA Plan Union And Agreement	Number of Active Employees Represented (as of 11/28/07)
BCTGM Local No. 25 (Knoxville and Chattanooga, Tennessee agreement)	18
GMPP&W Local No. 98 (Columbus, GA Office agreement)	11
IBT Local No. 104 (Thrift Store Clerks agreement)	7
IBT Local No. 135 (Vincennes, Indiana Route Sales Representative)	10
IBT Local No. 463 (SE Pennsylvania, Delaware & S. Jersey Bakery Outlets)	13
IBT Local No. 696 (Topeka, Kansas Route Sales Representatives)	13
IBT Local No. 992 (Hagerstown & Fredrick, MD Route Sales Representatives)	23
UAW Local No. 2828	164
Total Active ABA Plan Union Employees	259

46. On February 19, 2008, IBC sent by UPS and either facsimile or email to each of the ABA Plan Unions a proposal to modify their collective bargaining agreements in only two respects: to eliminate their collective bargaining agreement's requirement that IBC participate in the ABA Plan, and to provide for participation of the employees under the Company's Defined Benefit Plan ("DBP"). Along with the proposals, IBC provided each ABA Plan Union with financial information, including the cash flow impact of the ABA Plan problems, information about the Pension Benefit Guaranty Corporation's pension guarantee, and specific examples of the projected retirement benefit for eligible employees covered by both the ABA Plan and the proposed DBP. A true and correct copy of the proposal and attached financial information sent to the ABA Plan Unions is attached hereto as Exhibit F.

47. At the time it presented its proposals, in a cover letter to the ABA Plan Unions, IBC also expressed its willingness to provide additional information to the ABA Plan Unions should they request it. IBC also offered to discuss with each of them both the Section 1113 proposal and other options or suggestions they may have regarding an appropriate replacement for the ABA Plan. True and correct copies of the February 19, 2008 cover letters sent to the ABA Plan Unions are attached hereto as Exhibit G.

48. The ABA Plan Unions have not claimed that has failed to provide them with information necessary to evaluate the proposals.

49. To date, while some of the ABA Plan Unions have contacted the Company with questions or comments, but none have accepted the proposal or provided a counter-proposal.

50. IBC continues to be available to meet with the ABA Plan Unions, and will be available up until and during the hearing on this matter.

51. Should the ABA Plan Unions and IBC fail to reach agreement on IBC's proposal to eliminate required contributions to the ABA Plan, and this Court approves rejection of the ABA Plan Unions' collective bargaining agreements with IBC, IBC will not unilaterally place the ABA Plan Unions into the DBP. Rather, IBC will only implement that part of its proposal seeking to eliminate required contributions to the ABA Plan, so that IBC can immediately withdraw from the ABA Plan. Following rejection, IBC will continue its efforts to negotiate with each of the ABA Plan Unions to enter into a mutually-agreeable replacement pension plan.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 21st day of February, 2008.

/s/ Richard B. Cook
Richard B. Cook



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

October 18, 2007

Mr. Joseph Thibodeau
International Executive Vice President
Bakery, Confectionery, Tobacco Workers
And Grain Millers International Union
10401 Connecticut Avenue
Kensington, MD 20895-3961

Dear Joe:

I have signed and returned by overnight UPS the two (2) original copies of the Final Modification Agreement. For your convenience, I have also had it scanned into a PDF document for you to distribute to your Local Unions.

I am also enclosing Matt Hall's latest list of ratified contracts. Please verify and send me confirmation, via email and the enclosed hard copies by overnight UPS, that the list is accurate. We will then file the documents with the Court. As other CBA's get ratified, we will send updates for you to later verify.

Finally, please advise your Locals that anyone choosing the 6B option in Appendix C must give us written notification prior to November 4, 2007. If we do not receive this written notification, the prescription drug changes will be implemented rather than the payroll deduction.

Thank you for your efforts in this process.

Very truly yours,

Richard B. Cook
Vice President, Labor Relations

RC/ng

Encl.

cc: Jeff Freund
Frank Hurt
Eric Ivester
Sam Ory
Jeff Kohn
Tom Jerman
Dave Loeser
Leonard Singer
Kent Magill
Mike Stewart
Jeff Parlato
Dari Buckner
Matt Hall

**AGREEMENT BETWEEN INTERSTATE BRANDS CORPORATION
AND
THE BAKERY, CONFECTIONERY, TOBACCO WORKERS AND GRAIN MILLERS
INTERNATIONAL UNION ADVISORY COMMITTEE
ON PROPOSED MODIFICATIONS TO IBC-BCTGM LOCAL AGREEMENTS**

- I. WHEREAS, Interstate Brands Corporation (“IBC” or “Company”) has proposed modifications to the collective bargaining agreements in effect between IBC and Local Unions affiliated with the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (“BCTGM”); and
- II. WHEREAS, modifications to the Local BCTGM Agreements must be approved and ratified by the Local Union membership of each Local Union individually; and
- III. WHEREAS, the parties recognize that face-to-face negotiation of modifications on an individual basis with the Local Unions cannot reasonably be accomplished in the time necessary for IBC to exit bankruptcy; and
- IV. WHEREAS, the BCTGM recognizes that such modifications are necessary in order for IBC successfully to restructure, secure exit financing and exit bankruptcy; and
- V. WHEREAS, the BCTGM desires to facilitate prompt agreement on modifications to the Local Agreements and, to that end, has formed an Advisory Committee comprised of BCTGM officers and representatives of a cross-section of BCTGM Local Unions (the “BCTGM Advisory Committee”); and
- VI. WHEREAS, the BCTGM Advisory Committee was charged with meeting with IBC, discussing a satisfactory package of recommended modifications, and endeavoring to obtain the agreement and ratification of those recommended modifications by all BCTGM Local Unions in an expeditious manner; therefore,

IT IS AGREED, by and between IBC and the BCTGM and BCTGM Advisory Committee as follows.

A. Definitions	<ol style="list-style-type: none"> 1. “BCTGM” means the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union. 2. “BCTGM Advisory Committee” means the committee formed by the BCTGM to meet with IBC and recommend modifications to the Local Unions; 3. “BCTGM Local Unions,” or “Local Unions,” means the local unions identified in Appendix A hereto; provided, however, if any local union that represents IBC employees has been excluded from this list, the phrase BCTGM Local Unions shall include those unions. 4. “BCTGM Local Agreements,” or “Local Agreements,” means the collective bargaining agreements identified in Appendix A hereto (and
-----------------------	---

	<p>such other Local Agreement, if any that have been excluded from this list). Any reference to Local Agreements, agreements or collective bargaining agreements in this document shall be interpreted to include any and all Long-Term Extension Agreements, side letters, supplemental agreements, appendices and memoranda that currently govern the respective terms and conditions of employment for employees subject to the Local Agreements.</p> <p>5. "BCTGM Modification Agreements" means the agreements reached based on the recommendations made by the Advisory Committee to the extent they are ratified by BCTGM Local Unions.</p>								
B. Best Efforts to Obtain Ratification	The BCTGM and the BCTGM Advisory Committee, and their officers and agents, agree to exert every effort to obtain fully ratified Modification Agreements by all BCTGM Local Unions to be covered by Modification Agreements by October 4, 2007, and to unanimously support and unanimously recommend ratification of such agreements.								
C. Effective Date of Local Agreements	<ol style="list-style-type: none"> 1. By October 15, the BCTGM Advisory Committee will provide IBC with this Agreement signed by each Local Union as indicated below separately for each Local Agreement. 2. For any Local Agreement for which IBC does not timely receive the signed agreement required by paragraph C1, IBC will exercise its full legal rights. 3. The effective date of all Modification Agreements will be November 4, 2007. 								
D. Long-Term Extension Agreements	Upon ratification of the BCTGM Modification Agreements, any BCTGM Local Agreement that has not previously been amended through a Long-Term Extension Agreement shall be deemed, by the relevant Local Union, to have approved and ratified a Long-Term Extension Agreement as provided by IBC to the relevant locals during negotiation of this Agreement.								
E. Expiration of Local Agreements; Wage Increases	<ol style="list-style-type: none"> 1. The BCTGM Modification Agreements shall expire on the date(s) listed under the column entitled "new expiration date" on Appendix A. 2. For the units listed below, the Local Agreements shall be modified to reflect modified effective dates for wage increases of 05/11/08, 05/10/09 and 05/09/10 in lieu of the dates currently provided for in the Local Agreements. <table border="0" style="width: 100%;"> <tr> <td>Billings</td> <td>Bake Shop</td> </tr> <tr> <td>Billings</td> <td>Thrift</td> </tr> <tr> <td>Billings</td> <td>Office</td> </tr> <tr> <td>Butte</td> <td>Thrift</td> </tr> </table>	Billings	Bake Shop	Billings	Thrift	Billings	Office	Butte	Thrift
Billings	Bake Shop								
Billings	Thrift								
Billings	Office								
Butte	Thrift								

	<p>Ogden/Salt Lake City Bake Shop Ogden Engineers Idaho Thrift Twin Falls Shipping Denver Bake Shop/Thrift</p> <p>3. For the units listed below, the Local Agreements shall be modified to reflect modified effective dates for wage increases of 03/30/08, 03/29/09 and 03/28/10 in lieu of the dates currently provided for in the Local Agreements.</p> <p>Sacramento Bake Shop Sacramento Thrift Reno Thrift Oakland Bake Shop Los Angeles Bake Shop (Hostess) Los Angeles Bake Shop (Dolly) San Diego Thrift Seattle Bake Shop</p> <p>4. During the last year of each BCTGM Modification Agreement, there shall be a wage increase on the first day of the pay period closest to the anniversary date of last wage increase provided under the applicable Local Agreement,¹ in the following amounts.</p> <p>a. For PCSC employees, there shall be an increase equal to the wage increase in the last year of the LTE;</p> <p>b. For all other hourly employees, excluding thrift store employees, there shall be an increase of 40 cents per hour (\$.40);</p> <p>c. For thrift store employees (other than PCSC), there shall be an increase of 33 cents per hour (\$.33);</p> <p>d. The Local Union, upon three-months' written notice to IBC, may elect to purchase pension benefits from the wage increases set forth in this paragraph;</p> <p>e. This paragraph does not apply to any CBA and LTE on Appendix A that, in the "Ratified LTE" column, is marked "XZ."</p>
F. Methods of	All Local Agreements that apply to Route Sales Representatives or other

¹ For example, the Local Agreement for the Emporia Bake Shop Unit currently provides for a thirty-five cent (\$0.35) wage increase on March 28, 2010. Under this Agreement, there would be an additional wage increase on March 27, 2012 -- the Sunday closest to March 28, 2012. Under subsection (b), that wage increase would be forty cents (\$.40) per hour.

Distribution	employees engaged in the distribution of IBC products shall be amended to provide that IBC may engage in the methods of distribution described as the IBC Customer System in Appendix B, and all employees engaged in this work shall be subject to the terms and conditions set forth in Appendix B.
G. Health & Welfare	All BCTGM Local Agreements shall be amended to implement the changes set forth in Appendix C for health and welfare coverage.
H. Neutrality	IBC agrees to execute the Neutrality Agreement set forth as Appendix D.
I. Equality of Sacrifice	<p>1. IBC and the BCTGM are committed to the principle that all employee groups should sacrifice equally in achieving labor contract modifications necessary to allow IBC's restructuring. To that end, IBC agrees if, during the term of the BCTGM Modification Agreement, IBC enters into a Modification Agreement with the International Brotherhood of Teamsters that provides more favorable terms and conditions on the four subjects listed below, IBC, at the request of the BCTGM, will provide BCTGM-represented employees with the more favorable terms and conditions.</p> <ul style="list-style-type: none"> a. If the IBT and IBC agree that a majority of Large Format commission-paid sales associates will be paid at a higher commission rate than the 50% or 45% respective rates provided in this Modifications Agreement; or b. If the BCTGM concludes that the combined wage protection and lump sum buy-out provisions of the IBT-IBC agreement are of a greater value than the comparable provisions of this Modifications Agreement; or c. If IBC agrees that IBT-represented employees will incur a lower health and welfare cost deflation than the deflation provided in Appendix C to this agreement or agrees to a later effective date for such changes; or d. If IBC agrees to provide a profit sharing plan in which the profit-sharing pool or percentage of distribution is greater than those set forth in Appendix F or agrees to provide other gain sharing benefits not provided to the BCTGM employees. <p>2. IBC will, at the effective date of the specific IBC-IBT terms and at the request of the BCTGM, apply the more favorable terms to the BCTGM-represented employees to which the specific term and this Modifications Agreement apply.</p> <p>3. The BCTGM shall be entitled to request from IBC information about IBT agreements insofar as relevant to this Section I. If there is a</p>

	<p>dispute over whether the IBT Agreements contain more favorable conditions than contained in the BCTGM Agreements regarding the four subjects listed above, the matter will be submitted to arbitration before a mutually-agreed upon arbitrator whose decision will be final and binding. The parties will split the cost of such arbitration.</p> <p>4. In the event the Company and the IBT enter into agreements that expire in 2012, the Company and the BCTGM will meet and confer over how the principles of equality of sacrifice under Section I below should be applied to the final year of the BCTGM Local Agreements.</p>
<p>J. Profit Sharing</p>	<p>Upon the effective date of a Plan of Reorganization, IBC agrees to adopt the Profit Sharing Program set forth as Appendix E. This provision shall remain in force and effect irrespective of the expiration date of any BCTGM Local Agreement unless modified by the mutual agreement of the parties</p>
<p>K. Definitive Documentation</p>	<p>This Term Sheet and its attachments constitute the complete agreement between the Company and the BCTGM Local Unions for modifications of existing Local Agreements. Within 90 days of emergence from bankruptcy, the parties will draft final documents incorporating these agreements. The terms of the Modification Agreements shall supersede any inconsistent terms of the existing Local Agreements. To the extent not modified by the provisions contained in this Term Sheet, all Long Term Agreements shall remain in full force and effect.</p>
<p>L. Bargaining Demands</p>	<p>The parties agree that demands or proposals not achieved in negotiations are considered disposed of without agreement. Neither party shall attempt to rely upon the parties' proposals during negotiations to support any interpretation of the Local Agreements as modified by the BCTGM Modification Agreements.</p>
<p>M. Effect on Facilities Whose Closing Has Been Announced</p>	<ol style="list-style-type: none"> 1. The Modification Agreements shall not be applicable to the Southern California facilities whose closing has been announced, and no ratification shall be required of employees subject to such closures. 2. In the event IBC announces closure of a facility following ratification but prior to November 4, 2007, the modifications set forth in the applicable Modification Agreement shall not be implemented as to that facility. 3. In the event IBC announces closure of a facility following November 4, 2007, and the facility is closed within six months following

	November 4, 2007, the employees in such facility shall be reimbursed for the employees' contributions or the stated value of other modifications under Appendix C of this agreement.
--	--

FOR THE BAKERY, CONFECTIONERY,
TOBACCO WORKERS AND GRAIN
MILLERS ADVISORY COMMITTEE

FOR INTERSTATE BRANDS
CORPORATION

Josh Thornton 10/17/07
Date

Richard B Cook 10/18/07
Date

WITNESS:

Date

Date

Date

AGREEMENT AND CONFIRMATION OF RATIFICATION

For the BCTGM Local agreement listed below, BCTGM Local Union _____ confirms the ratification and agreement to these terms as the Modification Agreement.

Local Agreement: _____

Local Union Official Date

TO BE REVIEWED BY BCTGM ADVISORY COMMITTEE

APPENDIX A

COLLECTIVE BARGAINING AGREEMENTS AND LONG-TERM EXTENSION AGREEMENTS

Profit Center: Florida						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Atlanta	GA	Sales/Garage	42	X	3/5/2011	3/3/2012
Florida (Central)	FL	Sales/Transport	103	X	3/5/2011	3/3/2012
Florida (Central)	FL	Thrift	103	X	3/5/2011	3/3/2012
Orlando	FL	Bake Shop	103	X	3/5/2011	3/3/2012
Jacksonville	FL	Bake Shop	103	X	3/5/2011	3/3/2012
Jacksonville	FL	Office	103	X	3/5/2011	3/3/2012
Jacksonville/Albany, GA	FL	Sales/Transport/Thrift	103	X	3/5/2011	3/3/2012
Orlando	FL	Office	103	X	3/5/2011	3/3/2012
Columbus	GA	Bake Shop	42 & IUOE 329	X	3/5/2011	3/3/2012
Atlanta	GA	Thrift	42	X	3/5/2011	3/3/2012
Profit Center: Mid Atlantic						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Roanoke/Lynchburg/Marion/Radford	VA	Sales/Garage/Thrift	358	X	3/5/2011	3/3/2012
Virginia & Depots	VA	Garage/Thrift	358	X	3/5/2011	3/3/2012
Richmond	VA	Thrift	358	X	3/5/2011	3/3/2012
Rocky Mount	NC	Bake Shop	503	X	3/5/2011	3/3/2012
Rocky Mount	NC	Office	503	X	3/5/2011	3/3/2012
Tidewater	NC	Thrift	358	X	3/5/2011	3/3/2012
Savannah/Ridgeland/Augusta/Florence	GA	Sales/Thrift	503	X	3/5/2011	3/3/2012
Florence	SC	Garage	503	X	3/5/2011	3/3/2012
Fayetteville/Lumberton	NC	Sales/Thrift	503	X	3/5/2011	3/3/2012
Fayetteville	NC	Thrift	503	X	3/5/2011	3/3/2012
Profit Center: North Central						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Burton Ave.	IA	Shipping	36	X	6/18/2011	6/16/2012
Davenport	IA	Bake Shop	36	X	6/18/2011	6/16/2012
Decatur	IL	Bake Shop	1	X	6/18/2011	6/16/2012
Green Bay	WI	Thrift	205	X	6/18/2011	6/16/2012
Hodgkins/Schiller Park	IL	Bake Shop	1	X	6/18/2011	6/16/2012
Peoria	IL	Bake Shop	1	X	6/18/2011	6/16/2012
Peoria	IL	Thrift	1	X	6/18/2011	6/16/2012
Springfield	IL	Shipping	1	X	6/18/2011	6/16/2012
Waterloo	IA	Bake Shop	36	X	6/18/2011	6/16/2012
Profit Center: North East						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Wayne	NJ	Bake Shop	50	X	5/7/2011	5/5/2012
Erie/Freemont	OH	Thrift	19	XZ	6/1/2007	10/6/2012
Buffalo	NY	Shipping/Engineer/Thrift	802	X	5/7/2011	5/5/2012
Rochester	NY	Shipping	116		5/7/2005	5/5/2012
Whitesboro	NY	Thrift	50	X	5/7/2011	5/5/2012

Utica	NY	Shipping	50	X	5/7/2011	5/5/2012
Montgomery	NY	Garage/Shipping	50	X	5/7/2011	5/5/2012
Jamaica	NY	Bake Shop/Thrift	50	X	5/7/2011	5/5/2012
Philadelphia	PA	Bake Shop	6		5/14/2005	5/5/2012
Washington DC	DC	Shipping/Thrift	118		5/28/2005	5/5/2012
Philadelphia	PA	Office	6		12/31/2005	5/5/2012
Worcester	MA	Shipping/Transport	50	X	5/7/2011	5/5/2012
Bridgeport	CT	Shipping	50	X	5/7/2011	5/5/2012
East Windsor	CT	Shipping	50	X	5/7/2011	5/5/2012
Springfield	MA	Thrift	50	X	5/7/2011	5/5/2012
Malden	MA	Shipping/Thrift	348	X	5/7/2011	5/5/2012
Biddeford	ME	Bake Shop	334	X	5/7/2011	5/5/2012
Profit Center: North West						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Billings	MT	Bake Shop	466	X	7/2/2011	5/12/2012
Billings	MT	Thrift	466	X	7/2/2011	5/12/2012
Billings	MT	Office	466	X	7/16/2011	5/12/2012
Butte	MT	Thrift	466	X	7/2/2011	5/12/2012
Henderson	NV	Bake Shop	37	XZ	10/25/2008	10/6/2012
Ogden/Salt Lake City	UT	Bake Shop	401	X	7/2/2011	5/12/2012
Ogden	UT	Engineer	401	X	7/2/2011	5/12/2012
Idaho	ID	Thrift	401	X	7/2/2011	5/12/2012
Twin Falls	ID	Shipping	401	X	7/2/2011	5/12/2012
Seattle	WA	Bake Shop	9	X	6/11/2011	3/31/2012
Profit Center: Northern California						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Sacramento	CA	Bake Shop	85	X	6/11/2011	3/31/2012
Sacramento	CA	Thrift	85	X	6/11/2011	3/31/2012
Reno	NV	Thrift	85	X	6/11/2011	3/31/2012
Oakland	UT	Bake Shop	125	X	6/11/2011	3/31/2012
Profit Center: South Central						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Boonville	MO	Bake Shop	235	X	5/7/2011	5/5/2012
Dallas	TX	Garage/Thrift	111	X	5/7/2011	5/5/2012
Dallas	TX	Sales	111	X	5/7/2011	5/5/2012
Dallas/E. Texas/Shreveport	TX	Thrift (Dolly)	111	X	5/7/2011	5/5/2012
Denver	CO	Bake Shop/Thrift	26	X	5/7/2011	5/12/2012
Emporia	KS	Bake Shop	218	X	5/7/2011	5/5/2012
Emporia	KS	Office	218	X	5/7/2011	5/5/2012
Emporia	KS	Thrift	218	X	5/7/2011	5/5/2012
Fayetteville/Rogers	AR	Thrift	65	X	5/7/2011	5/5/2012
Fort Smith	AR	Shipping/Thrift	65	X	5/7/2011	5/5/2012
Houston	TX	Garage/Thrift	163	X	5/7/2011	5/5/2012
Joplin/Webb City/Pittsburg	KS	Thrift	218	X	5/7/2011	5/5/2012
Kansas City	MO	Shipping	218	X	5/7/2011	5/5/2012
Lenexa	KS	Bake Shop	218	X	5/7/2011	5/5/2012
Oklahoma City	OK	Shipping	65	X	5/7/2011	5/5/2012
Oklahoma City	OK	Thrift	65	X	5/7/2011	5/5/2012

Oklahoma City (southside)	OK	Thrift	65	X	5/7/2011	5/5/2012
Omaha	NE	Thrift/Loader	433	X	5/7/2011	5/5/2012
Rolla	MO	Shipping/Garage	235	X	5/7/2011	5/5/2012
Springfield	MO	Bake Shop	235	X	5/7/2011	5/5/2012
Springfield	MO	Garage	235	X	5/7/2011	5/5/2012
St. Joseph	MO	Shipping	218	X	5/7/2011	5/5/2012
St. Joseph	MO	Thrift	218	X	5/7/2011	5/5/2012
St. Louis	MO	Bake Shop	4	X	5/7/2011	5/5/2012
St. Louis/Belleville/Springfield	MO	Thrift	4	X	5/7/2011	5/5/2012
Tulsa	OK	Bake Shop	65	X	5/7/2011	5/5/2012
Tulsa	OK	Sanitation	65	X	5/7/2011	5/5/2012
Wichita	KS	Shipping	245	X	5/7/2011	5/5/2012
Wichita	KS	Thrift	245	X	5/7/2011	5/5/2012
Winfield/Newton	KS	Thrift/Loader	245	X	5/7/2011	5/5/2012
Profit Center: South East						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Memphis	TN	Bake Shop	149	X	3/5/2011	3/3/2012
Memphis	TN	Office	149	X	3/5/2011	3/3/2012
Memphis	TN	Sales/Transport/Garage/Shipping/Thrift	149	X	3/5/2011	3/3/2012
Central Arkansas	AR	Shipping/Thrift	111	X	3/5/2011	3/3/2012
Knoxville	TN	Office	25	X	3/5/2011	3/3/2012
Knoxville/Chattanooga	TN	Sales/Garage/Shipping	25	X	3/5/2011	3/3/2012
Knoxville	TN	Bake Shop	25	X	3/5/2011	3/3/2012
Alexandria	LA	Bake Shop	149	X	3/5/2011	3/3/2012
Shreveport	LA	Sales/Garage/Shipping/Thrift	149	X	3/5/2011	3/3/2012
Monroe	LA	Shipping/Mechanics (Old Bake CBA)	149	X	3/5/2011	3/3/2012
Jacksonville	AR	Thrift Store	111	X	11/12/2011	11/10/2012
Profit Center: Southern California						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Glendale/Los Angeles	CA	Bake Shop	37	X	6/11/2011	N/A
Los Angeles	CA	Bake Shop (Hostess)	37	X	6/11/2011	3/31/2012
Los Angeles	CA	Bake Shop (Dolly)	37	X	6/11/2011	3/31/2012
Pomona	CA	Bake Shop (Wonder)	37	X	6/11/2011	N/A
San Diego	CA	Bake Shop	315	X	6/11/2011	N/A
San Diego	CA	Thrift	315	X	6/11/2011	3/31/2012
Profit Center: Upper Midwest						
Unit Location City	State	Unit Description	Local	Ratified LTE	Old Exp Date	New Exp Date
Cincinnati	OH	Bake Shop	57		6/24/2006	5/5/2012
Columbus	IN	Bake Shop/Thrift	132	X	6/18/2011	6/16/2012
Columbus	IN	Garage	132	X	6/18/2011	6/16/2012
Akron	OH	Bake Shop/Thrift	33		5/7/2005	5/5/2012
Akron	OH	Office	33		5/7/2005	5/5/2012
Wheeling	WV	Thrift	19	XZ	7/2/2005	10/6/2012
Pittsburgh	PA	Thrift	19	XZ	7/2/2005	10/6/2012
Pittsburgh	PA	Shipping/Sanitation	19	XZ	7/2/2005	10/6/2012
Cincinnati	OH	Thrift	57		7/15/2006	5/5/2012
Chillicothe	OH	Thrift	57		4/7/2007	5/5/2012
Columbus	OH	Bake Shop	57		6/18/2005	5/5/2012

Cincinnati/Woodlawn	OH	Shipping	57		6/25/2005	5/5/2012
Heath	OH	Shipping/Thrift	57		9/17/2005	5/5/2012
Belpre	OH	Thrift	57		9/17/2005	5/5/2012
Columbus	OH	Thrift	57		9/17/2005	5/5/2012
Dayton	OH	Shipping/Thrift	57		6/17/2006	5/5/2012
Northwood/Defiance/State of Ohio	OH	Bake Shop/Thrift	19	XZ	7/1/2008	10/6/2012
Detroit	MI	Shipping/Sanitation/Thrift	326		5/6/2006	5/5/2012
Indianapolis	IN	Thrift	372	X	6/18/2011	6/16/2012
Indianapolis	IN	Bake Shop	372	X	6/18/2011	6/16/2012

APPENDIX B -- METHODS OF DELIVERY

1. The Company may implement, in whole or in part, the Interstate Bakeries Customer System ("IBCS"). Methods of distribution under the IBCS may include a) large format system, b) drop and go system, c) direct store delivery, or d) a combination of any/all of the above. The Company may designate a customer (or customer facilities) as serviced under one or more methods of distribution outlined above for bread product, cake product or both. The Company may change the designation at any time.

2. Wage Rates and Commissions for Sales Classifications

Employees in the job classifications outlined below will be subject to the terms and conditions of employment set forth.

a. Field Sales Associate (large format system):

- (i) Base pay equal to that outlined in the existing CBA for RSRs; and
- (ii) Commission rate equal to fifty (50) percent of the existing commission rates outlined in the existing CBA for RSRs

b. Alternate Sales Associate (large format system):

- (i) Base pay equal to that outlined in the existing CBA for RSRs; and
- (ii) Commission rate (based on average sales of routes serviced) equal to forty-five (45) percent of the existing commission rates outlined in existing CBA for RSRs

c. RSR (DSD):

- (i) Base pay equal to that outlined in the existing CBA for RSRs; and
- (ii) Commission rate equal to that outlined in the existing CBA for RSRs

d. Delivery Representative (large format and drop and go system):

- (i) If using tractor-trailer - the current hourly transport rate
- (ii) If not using tractor-trailer - 90% of transport rate

3. Scheduling and Hours of Work

a. Field Sales Associate:

- (i) Standard workweek shall consist of five (5) workdays;
- (ii) Two (2) consecutive days off (either Friday/Saturday or Sunday/Monday), as assigned by the Company;
- (iii) Drives own car with Company reimbursement for mileage at prevailing IRS mileage rate.

b. Alternate Sales Associate:

- (i) Standard workweek shall consist of four (4) workdays, including holiday weeks except that the ASA will not be required to work on Thanksgiving, Christmas or New Years' Day;
- (ii) Three (3) consecutive days off, in coordination with two Field Sales Associates' schedules, as assigned by the Company;
- (iii) Drives own car with Company reimbursement for mileage at prevailing IRS mileage rate.

c. RSR:

Workweek shall normally consist of five (5) workdays and two (2) days off which need not be consecutive

d. Delivery Representative:

Workweek shall normally consist of five (5) workdays and two (2) consecutive days off as assigned by the Company

4. Seniority/Bidding for All Classifications

a. Should the Company implement the Large Format and/or Drop and Go Systems, all bargaining unit sales employees affected by said change shall have the opportunity to bid on any of the above job classifications.

b. After bidding is completed, there shall be a separate seniority list for (i) Field Sales Associates, Alternate Sales Associates, Route Sales Representatives and (ii) Delivery Representatives; except that Delivery Representatives with the requisite seniority, who are on the payroll at the time of ratification, must bid on open sales positions as they become available or forfeit their wage guarantee. A delivery representative may express interest in a vacant sales or RSR job. Before hiring a person for a vacant job, the Company will consider the delivery representatives interest. The Company is not obligated to select the delivery representative for the job or use seniority in its consideration.

c. If the Company requires an employee to satisfy the DOT medical qualification standards, the Company will choose the doctor to evaluate the employee and pay for such evaluation.

d. For any employee who obtains a job that requires a CDL license but does not timely qualify for the license or for any employee who cannot timely satisfy the DOT physical qualifications, the Company will promptly provide the employee with a list of available positions to which those requirements do not apply and for which the employee is otherwise qualified. If the employee does not, within ten days, accept one of the positions, the employee will be on lay-off status for the ensuing 12 weeks; if the employee does not qualify for another position at that time, the employee's employment will end.

5. Wage Guarantee

Should the Company implement the Large Format and/or Drop and Go system, RSRs, who are on the payroll at the time of ratification of this Agreement, and who are affected by this initial implementation, will be given a wage guarantee as follows:

a. Except as provided below, an employee shall receive no less than the average weekly base pay and commission such employee received during the fifty-two (52) weeks immediately prior to the implementation for each of the forty-two (42) weeks immediately following the initial implementation.

b. An employee who bids into a Delivery Driver position will not receive a wage guarantee.

c. After implementation, as Field Sales Associate, Alternate Sales Associate, or RSR positions become available, any Delivery Driver with the requisite seniority to attain any of the said sales positions must bid on such open positions or forfeit their guarantee. It is understood that any language in the CBA limiting the number of route changes in the case of route bidding will be extended to ensure Delivery Drivers are moved into the sales positions or forfeit their guarantees.

d. An employee who is receiving a wage guarantee as a Delivery Driver, and who is later awarded a Field Sales Associate, Alternate Sales Associate, or RSR position will continue to receive a wage guarantee for a maximum forty-two (42) week period dating back to the start of their original wage guarantee. Delivery Drivers who are awarded Field Sales Associate, Alternate Sales Associate, or RSR positions after working as a Delivery Driver for more than forty-two (42) weeks will not continue their wage guarantee.

e. It is understood that the above guarantee will only apply for sales employees affected by the initial implementation of the Large Format and/or Drop and Go Systems. All other route adjustment guarantees shall be paid according to the current language in the CBA.

6. Buy-outs

Should the Company implement the Large Format and/or Drop and Go system(s), the Company will extend a limited one-time employment buy-out as detailed below:

a. Offered one-time to eligible RSRs in seniority order, in lieu of bidding on available positions. In order to be eligible, the RSR must be on the payroll at the time of ratification of this Agreement and must also be affected by the implementation.

b. \$10,000 lump sum buy-out, less statutory deductions, payable upon implementation.

c. The number of employees selecting the buy-out shall be limited to a maximum of twenty percent (20%) of the number of RSR employees affected by the implementation.

d. Employees scheduled to receive the buy-out must remain employed with the Company until implementation and maintain current level of performance in order to receive payment.

e. Employees receiving the buy-out payment shall resign their employment and sign a release of claims.

7. If the Company establishes new job classification(s) for distribution of IBC products, the Company will meet with the BCTGM in good faith to establish wage rates and benefits for such job classification(s). In the event that the Company and the BCTGM disagree about the wage rates to be established for such new job classifications, the Company shall set such wage rates which shall be set based on the relationship of the duties and responsibilities of the new job classifications to those of existing classifications.

8. To the extent these terms and conditions of employment conflict with terms and conditions set forth in the existing CBA, the terms and conditions set forth shall supersede and replace those conflicting terms and conditions.

APPENDIX C -- HEALTH AND WELFARE MODIFICATIONS

A. Employees covered under a Company-administered health and welfare plan²

On November 4, 2007, the Company-administered health and welfare plan (the CIGNA Plan) will be modified as follows:

1. Change from PPO or POS Plan to Open Access Plus;
2. Implementation of Case and Disease Management Program;
3. End coverage on last day of month following termination;
4. Change eligibility period for initial coverage to the first of the month following two (2) months' employment. The existing hours requirement for eligibility shall remain unchanged;
5. Reduce Out of Network Benefits to 60%;

6(a). Change Prescription Drug Coverage as follows:

	Generic	Preferred Brand	Non-preferred Brand
Retail RX - 30 day supply	flat \$8	flat \$30	flat \$55
Mail Order - 90 day supply	flat \$20	flat \$60	flat \$110

Mandatory generic if available. If generic is not available, the employee will be responsible for paying the branded co-pay. (Delete in current plans - "If there is no generic available, employee will pay as if generic.")

6(b). As an alternative to the change in Prescription Drug Coverage (6(a), above), the local union, on a contract by contract basis, may elect to have an additional \$5.00 per week as (a pre-tax) employee contribution for the Health Benefits Coverage via payroll deduction; Written Notification of this 6(b) alternative must be provided to the employer prior to November 4, 2007.

B. Employees covered under a Taft-Hartley, Blue Cross, GE Financial, or Anthem Life health and welfare plan or other non-company administered plans except for employees who are represented by BCTGM Local 19.²

1. Effective November 4, 2007, employees will contribute, via payroll deduction (on a pre-tax basis), an additional \$19.68 per week.

² For employees not yet covered by Long-Term Extension Agreements, the Company's cost savings under this Agreement will be in addition to the contribution rate increases or benefit changes under the Long-Term Extension Agreement adopted in connection with this Agreement.

2. Any maintenance of benefits provision that exists on the “old expiration date” set forth in Appendix A of this agreement will be replicated in the subsequent year.

C. Future Employee Contributions for All Employees

1. Effective January 1, 2009, all employees will contribute, via payroll deduction an additional \$2.00 per week (on a pre-tax basis).
2. Effective January 1, 2010, all employees will contribute, via payroll deduction an additional \$2.00 per week (on a pre-tax basis).
3. Effective January 1, 2011, all employees will contribute, via payroll deduction an additional \$2.00 per week (on a pre-tax basis).

APPENDIX D -- NEUTRALITY AGREEMENT

MEMORANDUM OF AGREEMENT REGARDING NEUTRALITY

This Memorandum of Agreement Regarding Neutrality (this "Agreement") is made and entered into by and between Interstate Brands Corporation, its subsidiaries and affiliates (the "Employer" or "IBC"), and Bakery, Confectionery, Tobacco Workers and Grain Millers International Union, AFL-CIO, for itself and by and on behalf of its affiliated local unions in the United States and Canada (collectively, the "Union" or "BCTGM").

I. WHEREAS as part of IBC's restructuring commencing in 2004, IBC and BCTGM have recognized that continuing labor stability is vital to IBC's continuing financial stability;

II. WHEREAS to that end, IBC has entered into an agreement with the BCTGM Advisory Committee dated September 28, 2007, under which the BCTGM Advisory Committee will recommend to its affiliated Local Unions (as identified in Appendix A to that agreement) they approve and ratify modifications and extension of their existing Local Agreements (as amended, if applicable, by Long-Term Extension Agreements previously ratified by certain BCTGM Local Unions, (collectively, the "Modification Agreements");

III. WHEREAS IBC and BCTGM believe that such BCTGM Modification Agreements are necessary and appropriate to help to attempt to secure long-term employment opportunities for IBC employees by establishing fair terms and conditions of employment and commitments to highly efficient and high-quality work performance;

IV. WHEREAS the BCTGM Modification Agreements effectively make IBC and BCTGM partners in the ongoing success of the Employer;

V. WHEREAS as partners, IBC and BCTGM recognize that it is desirable to minimize disputes over labor relations issues;

VI. WHEREAS to that end, each Modification Agreement contains a grievance and arbitration clause that subjects disputes over the meaning and application of the individual BCTGM Modification Agreements to final and binding arbitration; and

VII. WHEREAS, in order to minimize disputes that may arise over BCTGM's efforts to provide union representation for Employees (as defined below in Paragraph 1) at existing or new Facilities (as defined below in Paragraph 17), BCTGM and IBC agree that certain procedures should be applicable as set forth below.

Coverage

This Agreement shall cover all employees employed in classifications listed below, or in classifications called by different names when performing similar duties, who are employed at any Facility and who are not represented or claim to be represented for purposes of collective bargaining (the "Employees").

a. Production Facilities

- i. Production Employees
- ii. Maintenance Employees
- iii. Distribution Employees
- iv. Sanitation Employees
- v. Engineering Employees
- vi. Plant Clericals
- vii. Office Clericals

b. Distribution Facilities

- i. Route Sales Representatives
- ii. Loaders
- iii. Transport Drivers
- iv. Garage Mechanics
- v. Plant Clericals
- vi. Office Clericals

c. Retail Operations

- i. Clerks
- ii. Loaders
- iii. Salespersons
- iv. Plant Clericals
- v. Office Clericals

Employer Neutrality

2. The Union (and its affiliated local unions) and the Employer mutually recognize that national labor law guarantees employees the right to form or select any labor organization to act as their exclusive representative for the purpose of collective bargaining with their employer, or to refrain from such activity.

3. The Employer will not communicate to its Employees, either directly or indirectly, that they should resist or refuse union organization by the BCTGM or that it would be better if they did not authorize the BCTGM to act as their collective bargaining representative. If the Union (or any of its affiliated local unions) engages in any misrepresentation of facts pertaining to the wages, hours or working conditions of

employees of IBC, or if the Union (or any of its affiliated local unions) disparages the Employer, its representatives or its products, the provisions of this paragraph shall not apply unless, within 48 hours of the Employer's written demand, the Union corrects and withdraws (to the reasonable satisfaction of the Employer) the misrepresentations and disparagements. The Union's correction and withdrawal shall be given the same publicity as was given to the misrepresentation and/or disparagement. If the Union makes the correction and withdrawal in writing, the Union shall provide a copy of the writing to IBC. If the Union does not make the correction and withdrawal in writing, the Union shall certify in writing to IBC the statements made to correct and withdrawal the misrepresentation and/or disparagement.

4. The Union (and its affiliated local unions) will not coerce or threaten any Employee in an effort to obtain authorization cards.

Recognition

5. Within ten (10) days following receipt of written notice of intent to organize Employees at a Facility -- which notice shall not be submitted within one (1) year following any valid election conducted by the National Labor Relations Board (the "NLRB") at the Facility or within one (1) year following a prior notice of intent to organize employees at the Facility pursuant to the provisions of this Agreement -- the Employer will furnish the Union with a complete list of Employees at the Facility, including both full time and regular part-time Employees, showing their job classifications, departments and their home addresses.

6. During the organizing campaign, upon reasonable advance written notice to IBC, IBC shall grant access to non-public areas of the applicable Facility (where employees normally congregate during their off-duty time) to a reasonable number of Union representatives for the purpose of distributing literature and meeting with unrepresented Employees during such Employees' off-duty time; provided, however, that such conduct must not compromise safety or production or disrupt ingress, egress or the normal business of the Facility and the Union representative(s) shall leave the premises upon the reasonable request of IBC.

7. The Union (or any of its affiliated local unions) must request recognition as the exclusive collective bargaining agent for such Employees within sixty (60) days of the Union's receipt of the list referenced in Paragraph 5 of this Agreement or the Union (and its affiliated local unions) shall be precluded from seeking to become the bargaining representative of such Employees for the six (6) months following the end of the sixty (60) day period. Upon a request for recognition for a particular unit, the parties will request that a neutral referenced in Paragraph 12 below conduct a card check within five (5) days of the making of the request. (If the particular unit is not consistent with units at other IBC locations, the neutral shall also determine whether the unit in which recognition was requested is an appropriate unit for collective bargaining.) The neutral shall confidentially compare the authorization cards submitted by the Union against original handwriting exemplars of the entire bargaining unit furnished by IBC, normally the signatures on the Employees' W-4 forms. If the neutral determines that a

simple majority of eligible Employees have signed cards which state that the signing Employees desire to designate the Union (or any of its affiliated local unions) as their exclusive representative for collective bargaining purposes, and the cards are signed and dated within one (1) year of the request for recognition, then the neutral shall certify the Union (or any of its affiliated local unions) as the exclusive bargaining representative for such Employees. The list of eligible Employees submitted to the neutral shall be prepared by IBC.

8. If the review of the authorization cards by the neutral establishes that a majority of Employees in the unit have designated the Union (or any of its affiliated local unions) as their exclusive collective bargaining representative, the Employer will recognize the Union (or any of its affiliated local unions) as the representative of the Employees.

9. If the review of the authorization cards by the neutral does not establish that a majority of Employees in the unit have designated the Union (or any of its affiliated local unions) as their exclusive bargaining representative, then the neutral will issue a certification to that effect, and the Union (and its affiliated local unions) will not seek to become the bargaining representative of such Employees, or any unit including some or all of the Employees, for one (1) year from the date of the request.

10. Neither the Employer nor the Union (and its affiliated local unions) will file a petition with the NLRB for any election in connection with any demands for recognition provided for in this Agreement. The Union (and its affiliated local unions) and the Employer will not file any charges with the NLRB in connection with any act or omission occurring within the context of this Agreement; arbitration under Paragraph 12 shall be the exclusive remedy.

First Contract Negotiation

11. If the Union (or any of its affiliated local unions) is recognized as the exclusive collective bargaining representative as provided in Paragraph 8, negotiations for a collective bargaining agreement shall be commenced as soon as practical.

Resolution of Disputes

12. IBC and the Union (and any applicable affiliated local unions) shall submit any disputes over the interpretation or application of this Agreement to expedited and binding arbitration before one of two arbitrators, each of whom will be mutually selected by IBC and the BCTGM to serve as the primary arbitrators for this Agreement. If the primary arbitrators are unavailable, IBC and the BCTGM will select another mutually acceptable person to serve as the alternate arbitrator. Such submission must be in the form of a writing, which specifies the grounds for the dispute and provides supporting documentation, within thirty (30) calendar days after any such dispute arises. If the dispute is not submitted within thirty (30) calendar days after it arises, the grievance or claim is barred.

13. If the primary arbitrators are unavailable to serve within thirty (30) calendar days of notification, then the alternate shall be the arbitrator for that particular matter.

14. The arbitrator shall have the authority to determine the arbitration procedures to be followed. The arbitrator shall not have the authority to modify this Agreement by the addition or deletion or revision of any of the responsibilities or rights under this Agreement, except as set out in Paragraph 15 below. The arbitrator shall have the authority to order the non-compliant party to comply only with specific obligations stated in this Agreement. The parties agree to comply with any order of the arbitrator, which shall be final and binding, and furthermore consent to the entry of any order of the arbitrator as the order or judgment of the United States District Court in the state and district in which the applicable Facility is located, without entry of findings of fact and conclusions of law. The BCTGM and IBC will each pay one-half of the arbitrator's statement for fees and expenses and will each pay one-half of any charges for the hearing room.

15. In the event of any violation of Paragraphs 3, 4 or 16, either IBC or the Union (and any applicable affiliated local unions) shall be entitled to expedited arbitration before the arbitrator and a ruling within twenty-four (24) hours of a request, and the arbitrator shall have the authority to issue an appropriate remedy, including, but not limited to, a cease and desist order and the authority to extend the period of time during which the provisions of Paragraphs 6 and 7 are applicable.

Other Provisions

16. During the Term (as defined below), regardless of the term of any collective bargaining agreement between the Union (or any of its affiliated local unions) and the Employer, the Union (and its affiliated local unions) will not, in support of, or to any extent in connection with, the attempt to organize Employees, authorize, condone, engage in, or permit striking, picketing, consumer hand billing, or publicity campaigns (as opposed to organizing literature and publicity directed to Employees), boycotts, or other economic activity at any Facility or any place that IBC is doing business, and the Employer will not engage in a lockout of the Employees at said Facility.

17.

a. In the event the BCTGM obtains ratifications of the BCTGM Modification Agreements by all of the BCTGM local unions set forth on Appendix A to the BCTGM Advisory Committee-IBC Agreement of September 26, 2007, or in the event that some of the BCTGM Local Unions do not ratify the BCTGM Modification Agreement but IBC nevertheless assumes these agreements, then as part of a plan of reorganization for IBC and its affiliates under Chapter 11 of the Bankruptcy Code, IBC will seek the assumption of this Agreement. In that event, for purposes of this Agreement, the term "Facility" shall mean any bread or cake production facility or sales, warehouse or distribution facility of the Employer within the lower 48 states in the United States.

b. In the event that any of the BCTGM Local Unions do not ratify the BCTGM Modification Agreement, and IBC successfully rejects them in bankruptcy, then as part of a plan of reorganization for IBC and its affiliates under Chapter 11 of the Bankruptcy Code, IBC will seek the assumption of this Agreement.. In that event, the term "Facility" as used in this agreement shall mean any bread or cake production facility or sales, warehouse or distribution facility of the Employer within the lower 48 states in the United States excluding any such facility within a ninety (90) mile radius of any facility whose agreement was rejected in bankruptcy.

c. This Agreement shall be in full force and effect only upon the entry of, and in accordance with, a final order approving assumption by IBC of this Agreement and the BCTGM Modification Agreements pursuant to 11 U.S.C. § 365 (the "Effective Date") and shall remain in effect until February 4, 2011 (the "Term").

d. Upon the expiration of the Term, this Agreement shall be automatically extended, and shall remain in full force and effect without any lapse, for an additional three-year period unless IBC and the Union agree to a longer extension period; provided, however, that during such extension period this Agreement will not be applicable at any Facilities within a two hundred fifty (250) mile radius of any Facility or Facilities at which the BCTGM or any of its affiliated local unions strike or engage in picketing or leafleting (other than in response to a lockout) that exceeds five (5) calendar days.

18. If any court, arbitrator or government agency determines, in a final, unreviewable decision, that any provision of this Agreement is unenforceable, such provision shall be deemed to be amended by mutual agreement of IBC and BCTGM to enforce that provision to the fullest extent permitted by applicable law or, if such provision cannot be amended to be enforceable, to delete the offending provision (and only that provision) of this Agreement; provided, however, that if any court, arbitrator or government agency determines, in a final, unreviewable decision, that Paragraphs 8, 12 or 16 are not enforceable as written in this Agreement, this Agreement shall be rendered null and void.

19. The term "Union" or "BCTGM" for purposes of Paragraphs 2, 3, 4, 5, 6, 7, 8, 9, 10 and 16 of this Agreement shall be deemed to include all officers, agents or representatives of the Union. In determining whether any person is acting as an agent of the Union so as to make the Union responsible for his or her acts, the question of whether the specific acts performed were actually authorized or subsequently ratified shall not be controlling. The term "Employer" or "IBC" for purposes of Paragraphs 2, 3, 5, 6, 7, 8, 9, 10 and 16 of this Agreement shall be deemed to include all officers, agents or supervisory employees of the Employer. In determining whether any person is acting as an agent of the Employer so as to make the Employer responsible for his or her acts, the question of whether the specific acts performed were actually authorized or subsequently ratified shall not be controlling.

IN WITNESS WHEREOF, the parties hereto by their duly designated representatives have hereunto set their hands.

FOR THE EMPLOYER:

Interstate Brands Corporation

By: Richard B. Cook

Its: _____

Date: 10/18/07

FOR THE UNION:

Bakery, Confectionery, Tobacco Workers and Grain Millers International Union, for itself and by and on behalf of its Affiliated Local Unions

By: Joseph [Signature]

Its: _____

Date: 10/17/07

APPENDIX E -- PROFIT SHARING PROGRAM

1. Upon emergence from bankruptcy, IBC will establish a Profit Sharing Program for the benefit of all IBC union-represented, hourly or non-exempt employees based on the formulas, and subject to the terms and conditions set forth below.
2. Calculation of Profit Sharing Pool. Within 30 days following the completion of audited financial reports for each fiscal year through 2014, IBC shall establish a Profit Sharing Pool consisting of ten (10) percent of its net income; provided, however, that in calculating net income for purposes of this program IBC shall exclude (a) the amount of any required distributions to the Profit Sharing Pool; and (b) any unusual, special or non-recurring items (including specifically any increase or decrease arising out of resolution of IBC's legal dispute involving the ABA Retirement Plan).
3. Distribution of Profit Sharing Payments. The amounts contributed by IBC to the Profit Sharing Pool at the end of each fiscal year shall be distributed to IBC employees as follows:
 - a. Payments will be made within 30 days following finalization of the Profit Sharing Pool calculations.
 - b. Payments to BCTGM-represented employees will be limited to employees in active or approved leave status as of the end of the applicable fiscal year who are represented by Local Unions that have ratified the applicable Modification Agreement.
 - c. Each eligible employee's individual profit-sharing payment shall be that percentage of the profit sharing pool that equals the percentage calculated by dividing the employee's gross W-2 earnings (prior to any elective deferrals) for the fiscal year for which such payments are allocated by the gross W-2 earnings (prior to any elective deferrals) during the fiscal year for all eligible employees.
 - d. Profit sharing payments shall be subject to all legally required deductions, including tax withholdings, FICA, and deductions required under state or local law.
4. Caps. The total Profit Sharing Pool shall be limited to \$25 million during the life of this agreement.
5. Exclusions. In the event that any union representing employees who would otherwise be eligible for profit sharing payments do not enter into an agreement with IBC providing for profit sharing, the amount of the profit sharing distribution, and the cap, shall be reduced on a pro rata basis using the W-2 income of non-participating and participating employees.
6. The parties acknowledge that the Reimbursement Program set forth in a number of long-term extension agreements executed by BCTGM Local Unions did not

become effective because it was not ratified by all of the BCTGM Local Unions, and therefore has no further force and effect.

7. Conditions to Effectiveness. This profit sharing program shall be subject to the following conditions to its effectiveness; provided, however, that in the event the profit sharing program is not approved pursuant to this section, none of the other proposed contract modifications shall take effect.
 - a. Approval by any potential investor whose investment is necessary to allow IBC to create a viable Plan of Reorganization;
 - b. Approval by the IBC Board of Directors;
 - c. Approval of this agreement by the Bankruptcy Court; and
 - d. Confirmation of a Plan of Reorganization in bankruptcy that includes this Profit Sharing Program.
8. Tax Qualifications. It is the intent of the parties that the Profit Sharing Program constitute a tax-qualified plan. In the event that any of the terms and conditions set forth above would preclude tax qualification, IBC may modify the terms to the extent, and only to the extent, to achieve such status.
9. Upon approval of a disclosure statement describing a plan proposed by an entity other than the Debtor in Possession (i.e., existing management), the BCTGM, at its sole discretion, shall have the right to terminate this agreement (including the underlying contract modifications upon which this profit sharing program is based). In the event the BCTGM exercises this right, the applicable terms and conditions of employment shall revert to those in effect prior to the Effective Date of the BCTGM Modification Agreements.

Ratified BCTGM Agreements

10/18/2007

#	Local	Unit Location City	State	Unit Description	#	Local	Unit Location City	State	Unit Description
1	103	Florida (Central)	FL	Sales/Transport (Merit)	55	218	Emporia	KS	Office
2	103	Florida (Central)	FL	Thrift	56	218	Emporia	KS	Thrift
3	103	Orlando	FL	Bake/Ship/Eng/Sani/Gar/Thrift	57	111	Dallas	TX	Garage/Thrift (Hostess)
4	42	Atlanta	GA	Thrift	58	111	Dallas	TX	Sales (Hostess)
5	42	Atlanta	GA	Sales/Garage	59	111	Dallas/East Texas/Shreveport	TX	Thrift (Dolly)
6	482	Jacksonville	FL	Bake Shop/Ship/Eng/Sani/Gar	60	163	Houston	TX	Garage/Thrift
7	482	Jacksonville	FL	Office	61	218	St. Joseph	MO	Shipping
8	482	Jacksonville/Albany, GA	FL	Sales/Transport/Thrift	62	218	St. Joseph	MO	Thrift
9	103	Orlando	FL	Office	63	218	Kansas City	MO	Shipping
10	42&329	Columbus	GA	Bake/Ship/Sani/Thrift/Eng	64	433	Omaha	NE	Thrift/Loader
11	503	Savannah/Ridgeland/Augusta & Florence	GA	Sales/Thrift	65	245	Wichita	KS	Thrift
12	358	Roanoke/Lynchburg/Marion/ Radford	VA	Sales/Garage/Thrift	66	218	Joplin/Webb City/Pittsburgh	KS	Thrift
13	358	Virginia & Depots	VA	Garage/Thrift	67	65	Tulsa	OK	Bake Shop/Ship
14	358	Richmond	VA	Thrift (Wonder)	68	65	Tulsa	OK	Sanitation
15	503	Rocky Mount	NC	Bake/Ship/Eng/Sani/Gar	69	65	Oklahoma City	OK	Shipping
16	503	Rocky Mount	NC	Office	70	65	Oklahoma City (SouthS.)	OK	Thrift
17	358	Tidewater	NC	Thrift (Merit)	71	65	Fort Smith	AR	Shipping/Thrift
18	503	Florence	SC	Garage	72	149	Memphis	TN	Bake Shop/Ship/Eng/Sani
19	503	Fayetteville/Lumberton	NC	Sales/Thrift (Merit)	73	149	Memphis	TN	Office
20	1	Peoria	IL	Bake Shop/Ship/Sanitation	74	149	Memphis	TN	Sales/Trans/Gar/Ship/Thrift
21	1	Peoria	IL	Thrift	75	111	Little Rock (Central AR)	AR	Shipping/Thrift
22	36	Davenport	IA	Bake Shop/Ship/Sanitation	76	25	Knoxville	TN	Office
23	36	Waterloo	IA	Bake Shop/Ship/Eng/Sani	77	25	Knoxville/Chattanooga	TN	Sales/Garage/Shipping
24	1	Springfield	IL	Shipping	78	149	Alexandria	LA	Bake Shop/Ship/Eng/Sani/Gar
25	22	Green Bay	WI	Thrift	79	149	Shreveport	LA	Sales/Garage/Ship/Thrift
26	36	Burton Avenue	IA	Shipping	80	149	Monroe	LA	Shipping/Mechanics
27	802	Buffalo	NY	Shipping/Engineer/Thrift	81	111	Jacksonville	AR	Thrift Store
28	116	Rochester	NY	Shipping	82	315	San Diego	CA	Thrift
29	50	Jamaica	NY	Bake Shop/Ship/Eng/Sani/Gar/Thrift	83	37	Los Angeles	CA	Bake Shop/Ship/Sani(Host)
30	118	Washington DC	DC	Shipping/Thrift	84	37	Los Angeles	CA	Bake Shop/Ship/Sani(Dolly)
31	6	Philadelphia	PA	Office	85	57	Cincinnati	OH	Bake Shop/Ship/Sani/Gar
32	50	Whitesboro	NY	Thrift	86	132	Columbus	IN	Bake Shop/Ship/Eng/Sani/Trans/Thrift
33	50	Utica	NY	Shipping	87	132	Columbus	IN	Garage
34	50	Montgomery	NY	Garage/Shipping	88	33	Akron	OH	Bake Shop/Ship/Sani/Thrift
35	50	Worcester	MA	Shipping/Transport	89	57	Cincinnati	OH	Thrift
36	50	Bridgeport	CT	Shipping	90	57	Chillicothe	OH	Thrift
37	50	East Windsor	CT	Shipping	91	57	Columbus	OH	Bake Shop/Ship/Eng/Sani/Gar
38	50	Springfield	MA	Thrift	92	57	Cincinnati/Woodlawn	OH	Shipping
39	466	Billings	MT	Bake Shop/Ship/Eng/Sani	93	57	Heath	OH	Shipping/Thrift
40	466	Billings	MT	Thrift	94	57	Belpre	OH	Thrift
41	466	Billings	MT	Office	95	57	Columbus	OH	Thrift
42	466	Butte	MT	Thrift	96	57	Dayton	OH	Shipping/Thrift
43	37	Henderson	NV	Bake Shop/Ship/Eng/Sani	97	326	Detroit	MI	Shipping/Sanitation/Thrift
44	401	Ogden/Salt Lake City	UT	Bake Shop/Ship/Eng/Sani	98	372	Indianapolis	IN	Bake Shop/Ship/Eng/Sani/Gar
45	401	Ogden	UT	Engineer	99	33	Akron	OH	Office
46	401	Idaho	ID	Thrift	100	372b	Indianapolis	IN	Thrift
47	401	Twin Falls	ID	Shipping	101	245	Winfield/Newton	KS	Thrift/Loader
48	9	Seattle/Lakewood	WA	Bake Shop/Sanitation	102	245	Wichita	KS	Shipping
49	85	Sacramento	CA	Bake Shop/Ship/Sanitation (Wonder/Hostess)	103	235	Boonville	MO	Bake Shop/Ship/Eng/Sani
50	85	Sacramento	CA	Thrift	104	235	Rolla	MO	Shipping/Garage
51	85	Reno	NV	Thrift	105	65	Oklahoma City	OK	Thrift
52	4	St. Louis	MO	Bake Shop/Ship/Sanitation	106	26	Denver	CO	Bake Shop/Ship/Sani/Thrift
53	4	St. Louis/Belleville/Springf.	MO	Thrift	107	218	Emporia	KS	Bake Shop/Ship/Sanitation
54	235	Springfield	MO	Bake Shop/Ship/Sanitation	108	348	Malden	MA	Shipping/Thrift

CONFIRMATION OF RATIFICATION

This confirms the ratification of all above listed Collective Bargaining Agreements.

FOR THE BAKERY, CONFECTIONERY,
TOBACCO WORKERS AND GRAIN
MILLERS ADVISORY COMMITTEE

Date _____



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 14, 2008

Ms. Joyce Alston
Local 50, Bakery, Confectionary,
Tobacco Workers and Grain Millers
International Union
145 Talmadge Road, Suite 17
Edison, New Jersey 08817

Re: Proposal for Modifications to Local 50, Wayne Bake Shop-IBC Agreement Pursuant to Section 1113 of the U.S. Bankruptcy Code

Dear Ms. Alston:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the collective bargaining agreement currently in effect between Interstate Bakeries Corporation ("IBC") and Local 50 of the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union ("BCTGM").

As you are undoubtedly aware, IBC entered into negotiations last year with a committee of national and local representatives of the BCTGM for modifications to the existing BCTGM agreements that are necessary for IBC to successfully restructure. The parties reached agreement in September 2007 on a set of proposed modifications that the BCTGM leadership recommended for membership ratification by all BCTGM local unions. As of this date, 99 percent of the BCTGM's local unions have accepted the proposed modifications. To exit bankruptcy, however, IBC must obtain modification agreements with all of the BCTGM local unions or, if it is unable to do so, to reject the remaining agreements pursuant of Section 1113.

Under Section 1113, before filing a motion with the Bankruptcy Court to reject a collective bargaining agreement, the employer must formally propose those modifications to the existing collective bargaining agreements that are necessary for a successful restructuring, and offer to negotiate over the proposal. While we recognize that IBC and the BCTGM have already negotiated and reached agreement over the necessary modifications, and that the membership of Local 50 has considered and rejected those modifications, to avoid any questions over whether those negotiations satisfy the requirements of Section 1113, we are again submitting for Local 50's consideration the modifications negotiated with the BCTGM last fall. If you want to discuss this proposal, or need information about the proposal beyond that already provided to the BCTGM, please contact me.

Whether or not we hear from you, on February 21, 2008, IBC will file with the Bankruptcy Court a motion pursuant to Section 1113 to reject IBC's agreement with Local 50. We will seek a hearing on that motion on March 12, 2008. If you have, or retain, counsel to represent Local 50 in those proceedings, please provide us with contact information so that we may serve them directly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation.

Very truly yours,

A handwritten signature in black ink that reads "Richard B. Cook". The signature is written in a cursive style with a large initial "R" and a long, sweeping underline.

Richard B. Cook
Vice President-Labor Relations

cc: Frank Hurt
Joe Thibodeau
Jeff Freund
Art Montminy
Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Dari Buckner

Enclosure



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 14, 2008

Mr. John Jordan
Local 334, Bakery, Confectionary,
Tobacco Workers and Grain Millers
International Union
94 Auburn Street, Suite 24
Portland, ME 04103

Re: Proposal for Modifications to Local 334, Biddeford Bake Shop-IBC Agreement
Pursuant to Section 1113 of the U.S. Bankruptcy Code

Dear Mr. Jordan:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the collective bargaining agreement currently in effect between Interstate Bakeries Corporation ("IBC") and Local 334 of the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union ("BCTGM").

As you are undoubtedly aware, IBC entered into negotiations last year with a committee of national and local representatives of the BCTGM for modifications to the existing BCTGM agreements that are necessary for IBC to successfully restructure. The parties reached agreement in September 2007 on a set of proposed modifications that the BCTGM leadership recommended for membership ratification by all BCTGM local unions. As of this date, 99 percent of the BCTGM's local unions have accepted the proposed modifications. To exit bankruptcy, however, IBC must obtain modification agreements with all of the BCTGM local unions or, if it is unable to do so, to reject the remaining agreements pursuant of Section 1113.

Under Section 1113, before filing a motion with the Bankruptcy Court to reject a collective bargaining agreement, the employer must formally propose those modifications to the existing collective bargaining agreements that are necessary for a successful restructuring, and offer to negotiate over the proposal. While we recognize that IBC and the BCTGM have already negotiated and reached agreement over the necessary modifications, and that the membership of Local 334 has considered and rejected those modifications, to avoid any questions over whether those negotiations satisfy the requirements of Section 1113, we are again submitting for Local 334's consideration the modifications negotiated with the BCTGM last fall. If you want to discuss this proposal, or need information about the proposal beyond that already provided to the BCTGM, please contact me.

Whether or not we hear from you, on February 21, 2008, IBC will file with the Bankruptcy Court a motion pursuant to Section 1113 to reject IBC's agreement with Local 334. We will seek a hearing on that motion on March 12, 2008. If you have, or retain, counsel to represent Local 334 in those proceedings, please provide us with contact information so that we may serve them directly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation.

Very truly yours,

A handwritten signature in cursive script that reads "Richard B. Cook".

Richard B. Cook
Vice President-Labor Relations

cc: Frank Hurt
Joe Thibodeau
Jeff Freund
Art Montminy
Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Dari Buckner

Enclosure



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

July 18, 2007

Mr. George Saleeby, Retail Food Director
United Food and Commercial Workers
800 Commerce Drive, Suite 101
Peachtree City, GA 30269

Mr. Pat O'Neill, EVP Director Collective Bargaining
United Food and Commercial Workers
1775 K Street, NW
Washington, D.C. 20006

Re: Status of Chapter 11 Case

Dear Mr. Saleeby and Mr. O'Neill:

I am writing to bring you up to date on the status of Interstate Brands Corporation's ("IBC") Chapter 11 case, negotiations with our two largest unions, the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union ("BCTGM") and the International Brotherhood of Teamsters ("IBT"), and labor contract modifications that we believe will be necessary for IBC to exit Chapter 11.

As you are probably aware, a few months after filing for bankruptcy in September 2004, IBC began negotiations with the BCTGM and IBT for long-term extensions of the existing BCTGM and IBT agreements that would incorporate a number of cost-savings initiatives. It was, and is, our intent that after completion of negotiations with the BCTGM and IBT, IBC would approach representatives of the other unions representing IBC employees for fair and equitable modifications to your agreements in light of the BCTGM and IBT agreements. The process of negotiating these agreements, however, took much longer than expected, and we never obtained 100 percent participation by locals in either union.

In the last few months, however, it has become clear that even if all of the BCTGM and IBT locals were to execute the proposed long-term extension agreements, that would not be sufficient to allow IBC to exit bankruptcy. We have had a number of discussions over the past few weeks in which we have explained to the BCTGM and IBT that the reality of increased commodity prices, vigorous competition from bakeries with independent distributorships or without union agreements, and IBC's inability under the existing agreements to align its distribution methods with customer requirements, means that additional labor modifications are necessary for IBC to reorganize.

Mr. George Saleeby
July 18, 2007
Re: Status of Chapter 11 Case
Page 2

Since those discussions, however, the Company's need to modify its labor agreements has become even more urgent because of positions taken by the other constituents. IBC has approximately \$450 million in funded secured debt, as well as an additional approximately \$200 million in outstanding secured letters of credit, and the banks that hold that debt told IBC at our meetings in late June that if they do not see meaningful progress in negotiating labor contract changes within the next 30 days they will pursue an alternative business plan. In short, that means that the banks will seek to "foreclose" on their "mortgages," forcing a sale of IBC's assets -- likely to its competitors -- in order to satisfy the outstanding loans. The banks believe that such a sale would produce enough proceeds to satisfy their outstanding loans, and the fact that all of IBC's employees might lose their jobs would not matter. Moreover, many of the unsecured creditors also indicated that they would support a sale or break-up of IBC if it would produce greater value than ongoing operations, and without labor modifications IBC cannot produce value as a going concern.

We are in the process of sending to the BCTGM and IBT proposed term sheets that outline the need for additional labor contract modifications. In light of the urgency of the situation, we have asked the BCTGM and IBT to conduct expedited negotiations on a national basis. If we are unable to make meaningful progress in these negotiations by the end of July, IBC will have no choice but to pursue other alternatives, which may include the closing of under-performing business segments or rejection of contracts through the bankruptcy process, or both. Under the bankruptcy process, we would have to pursue modifications with formal proposals to each BCTGM and IBT local with which IBC has a collective bargaining agreement.

The term sheets outline three principal modifications that IBC believes are necessary to turn around our business: (1) flexibility to determine distribution methods based on customer needs through implementation of a new Path to Market system, and other systems that may become necessary in the future, without paying excessive commissions; (2) flexibility in scheduling of bakery and thrift store employees that will allow us to achieve our goals to improve productivity in the bakeries, and maximize the advantages of our Path to Market program; and (3) reducing our unreasonably high health care costs. On the health care issue, we have proposed a straight reduction in the Company's costs but would prefer to work with our unions to achieve some win-win solutions that will reduce our overall costs while minimize the direct cost to our employees for health insurance.

If we are able to reach consensual resolution with the BCTGM and the IBT, as we hope, we will then make proposals to all of the other union-represented employees for modifications that we believe are fair and equitable in light of the BCTGM and IBT

Mr. George Saleeby
July 18, 2007
Re: Status of Chapter 11 Case
Page 3

modifications. If we are forced to litigate these issues under Section 1113 of the Bankruptcy Code, we would also seek to litigate with the IBT and BCTGM, and obtain a consensual resolution or bankruptcy court ruling, before dealing with the other unions representing IBC employees. It is possible, however, that positions taken by the BCTGM and IBT, court rulings or the press of time, may force us to pursue Section 1113 proceedings with you at the same time.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



David Loeser
Executive Vice President
Human Resources

cc: Joseph T. Hansen, International President

**Summary of Proposed Terms
UFCW Agreements**

1. Term 5 Year Extension Agreement Through 4/6/13

2. Wages

Effective Date	\$0.00/hr decrease
Year 2	\$0.00/hr increase
Year 3	\$0.20/hr increase
Year 4	\$0.20/hr increase
Year 5	\$0.20/hr increase

3. Health/Welfare

Effective Date	Employees covered under various H&W plans shall pay \$40.00/wk. *
Year 2	MOB up to 10% increase from year 1
Year 3	MOB up to 10% increase from year 2; employees to pay an additional \$2.00/wk.
Year 4	MOB up to 10% increase from year 3; employees to pay an additional \$2.00/wk.
Year 5	MOB up to 10% increase from year 4; employees to pay an additional \$2.00/wk.

4. Pension

Effective Date	No increase
Year 2	No increase
Year 3	No increase
Year 4	No increase
Year 5	No increase

5. Profit Sharing Plan

Language as attached (Attachment A)

* alternative to move to a less costly plan would result in less employee cost share.

If there is a lesser part-time employee H&W rate, the part-time employee cost share will be prorated on a percentage basis as compared to the full-time H&W rate.

Note: Any required H&W increase over the amounts above to be deducted from employee wages.

Note: Any pension increase required by the pension fund to be deducted from employee wages.

Note: Any future wage, pension, or H&W increases currently scheduled after March 1, 2008 are considered null and void except as provided above.

The above Modification Agreement proposal would apply to all UFCW local unions who have collective bargaining agreements with IBC to extend their existing CBAs. After ratification, we will submit the agreement to the Bankruptcy Court for approval. This Modification Agreement is intended only to describe the basic modifications to the existing UFCW agreements necessary for the reorganization of the Company, and it is not intended to constitute final contract language. The parties agree that they will draft final contract language within 30 days of the execution of this Modification Agreement. The parties further agree that in drafting the final contract language, they will eliminate or modify any provisions of the existing UFCW agreements that are inconsistent with this Modification Agreement or which would preclude the Company from obtaining the full savings sought by this proposal.

UFCW Local _____
Date: _____

Interstate Brands Corporation
Date: _____

ATTACHMENT A -- PROFIT SHARING PROGRAM

1. Upon emergence from bankruptcy, IBC will establish a Profit Sharing Program for the benefit of all IBC union-represented, hourly or non-exempt employees based on the formulas, and subject to the terms and conditions set forth below.
2. Calculation of Profit Sharing Pool. Within 30 days following the completion of audited financial reports for each fiscal year through 2014, IBC shall establish a Profit Sharing Pool consisting of ten (10) percent of its net income; provided, however, that in calculating net income for purposes of this program IBC shall exclude (a) the amount of any required distributions to the Profit Sharing Pool; and (b) any unusual, special or non-recurring items (including specifically any increase or decrease arising out of resolution of IBC's legal dispute involving the ABA Retirement Plan).
3. Distribution of Profit Sharing Payments. The amounts contributed by IBC to the Profit Sharing Pool at the end of each fiscal year shall be distributed to IBC employees as follows:
 - a. Payments will be made within 30 days following finalization of the Profit Sharing Pool calculations.
 - b. Payments to RWDSU-represented employees will be limited to employees in active or approved leave status as of the end of the applicable fiscal year who are represented by Local Unions that have ratified the applicable Modification Agreement.
 - c. Each eligible employee's individual profit-sharing payment shall be that percentage of the profit sharing pool that equals the percentage calculated by dividing the employee's gross W-2 earnings (prior to any elective deferrals) for the fiscal year for which such payments are allocated by the gross W-2 earnings (prior to any elective deferrals) during the fiscal year for all eligible employees.
 - d. Profit sharing payments shall be subject to all legally required deductions, including tax withholdings, FICA, and deductions required under state or local law.
4. Caps. The total Profit Sharing Pool shall be limited to \$25 million during the life of this agreement.
5. Exclusions. In the event that any union representing employees who would otherwise be eligible for profit sharing payments do not enter into an agreement with IBC providing for profit sharing, the amount of the profit sharing distribution, and the cap, shall be reduced on a pro rata basis using the W-2 income of non-participating and participating employees.
6. Conditions to Effectiveness. This profit sharing program shall be subject to the following conditions to its effectiveness; provided, however, that in the event the profit sharing program is not approved pursuant to this section, none of the other proposed contract modifications shall take effect.

- a. Approval by any potential investor whose investment is necessary to allow IBC to create a viable Plan of Reorganization;
 - b. Approval by the IBC Board of Directors;
 - c. Approval of this agreement by the Bankruptcy Court; and
 - d. Confirmation of a Plan of Reorganization in bankruptcy that includes this Profit Sharing Program.
7. Tax Qualifications. It is the intent of the parties that the Profit Sharing Program constitute a tax-qualified plan. In the event that any of the terms and conditions set forth above would preclude tax qualification, IBC may modify the terms to the extent, and only to the extent, to achieve such status.



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 14, 2008

Via United Parcel Service

Mr. George Saleeby
International Vice President, Retail Food
United Food and Commercial Workers International Union
800 Commerce Drive, Suite 101
Peachtree City, Georgia 30269-3547

Mr. Pat O'Neill
Executive Vice President -Director Collective Bargaining
1775 K Street, NW
Washington, DC 20006-1228

Via E-Mail

Mr. Bill McDonough
Appointed Representative

Re: Interstate Brands Corporation

Dear Messrs. Saleeby, O'Neill, and McDonough:

The purpose of this letter is to propose modifications to the current collective bargaining agreements between Interstate Brands Corporation ("IBC") and the UFCW that are necessary for IBC's successful restructuring. We are available to discuss and negotiate over the attached proposal and we hope that with your assistance the proposed modifications will be approved by the Locals quickly. Absent agreement on modified collective bargaining agreements within a very quick time frame however, IBC will be forced to pursue other options. The attached proposal explains the changes that are needed. Please contact me if you have any questions or if you need information about the proposal beyond that we have already made available to you.

With time running out, IBC is prepared to take drastic steps to resolve these issues on a Local by Local basis if a consensual agreement cannot be reached. Such drastic steps may involve filing a motion pursuant to Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113"), to reject IBC's various agreements with the UFCW in Bankruptcy Court. Accordingly, this letter and the attached proposal should be viewed as formally initiating the process under Section 1113. Should the parties fail to reach a consensual agreement, a Section 1113 hearing will be scheduled for March 12, 2008, during which IBC will ask the court to reject the UFCW agreements. Absent consensual resolution, IBC will also consider all other options, including a restructuring of its operations that could involve additional facility closures and job loss.

As you are aware, IBC entered into negotiations last year with its two largest unions for modifications to those unions' existing collective bargaining agreements. We talked by telephone over a year ago. We also wrote a letter to George and Pat in July 2007 explaining the status of IBC's Chapter 11 case, and informing you that IBC was in the process of sending to its two largest unions, the BCTGM and the IBT, proposed term sheets that outline the need for additional labor contract modifications. We explained in that letter the three principal modifications that IBC believes are necessary to turn around our business, including reducing our unreasonably high health care costs. On the health care issue, we proposed a straight reduction in the Company's costs but said we preferred to work with our unions to achieve win-win solutions that will reduce our overall costs while minimizing the direct cost to our employees for health insurance.

Since that time, we have been able to reach a consensual resolution with the BCTGM, and still hope to achieve a consensual resolution with the IBT. We have also had discussions and reached consensual resolutions with many of our other unions. We now must move forward with the UFCW to reach an agreement on proposed modifications. We hope that this can be done quickly and amicably.

This is a very critical time for IBC. We regret having to pursue these options, but there are no other alternatives available to us.

Very truly yours,



Richard B. Cook
Vice President – Labor Relations

cc: Eric Brooks, Local 373
Mark Culotta, Local 1473
Steve Culter, Local 1099
Herb Dicus, Local 2
Jim Gleb, Local 21
Brian Hitpas, Local 881
Tom Kingshott, Local 44
Jack Landes, Local 1179
Ron Lenhart, Local 23
Jack Loveall, Local 588
Dan MacDonald, Local 870
Sharon McMahon, Local 700
Todd Nelson, Local 555
Dave Politte, Local 655
Kurt Rothenbuescher, Local 101
Blaine Sherfinski, Local 367
Gary Smith, Local 870
Paul Smithberger, Local 1059
Lois Taylor, Local 431
Tim Terifay, Local 1360

INTERSTATE BRANDS CORPORATION

12 E. Armour Boulevard
Kansas City, Missouri 64111

IBC'S PROPOSED EXIT FROM THE ABA RETIREMENT PLAN: WHY IT IS HAPPENING AND WHAT IT MEANS.

WHAT IS IBC PROPOSING?

IBC will stop contributing to the ABA Retirement Plan (ABA Plan); covered employees will not earn any further benefits under the ABA Plan. Through negotiations with the unions, IBC will provide future defined benefit retirement benefits under IBC's Defined Benefit Plan (DBP) based upon the benefits that would be payable under the ABA Plan, as further described below. The DBP already provides benefits to other bargaining unit employees under a variety of CBAs. Subject to certain contingencies that will be discussed, the goal is that the employees who currently are covered by the ABA Plan will end-up with substantially the same retirement benefit as if the ABA Plan had continued as a viable benefit provider.

WHY DOES IBC PROPOSE TO EXIT FROM THE ABA PLAN?

Under any scenario, for the reasons discussed below, IBC faces tens of millions of dollars of liability because of the ABA Plan. By exiting the ABA Plan now, the potential liability can be discharged under the bankruptcy rules applicable to other unsecured claims. If not discharged now, after IBC emerges from bankruptcy, IBC could be faced with paying millions in cash because of the ABA Plan. Tens of millions of dollars of added cash expense would cripple a post-bankruptcy IBC and jeopardize its longer term survival. As a result, this potential liability would prevent the Company's emergence from bankruptcy.

WHAT IS THE CAUSE OF THE LIABILITY?

The Company and its advisors have come to the conclusion that the ABA Plan has significant continuing administrative and management challenges facing it and therefore neither the Company nor its employees should continue with the ABA Plan. This situation came to the Company's attention when Sara Lee pulled many of its employees out of the ABA Plan and a subsequent legal dispute arose as to the proper nature of the ABA Plan and the related allocation of plan assets as between the Plan's participating employers. Certain employers who participate in the ABA Plan and the ABA Plan disagree among themselves as to whether the ABA Plan is an "aggregate of single employer plans" (ASEP) or a "multiple-employer plan" (MEP). If an ASEP, each employer must fund the benefit for its own employees; there is no common pool of assets to use to provide benefits. If a MEP, the assets of the ABA Plan are pooled to provide benefits for all of the participating employers' employees.

IBC believes that the ABA Plan is a MEP. The Pension Benefit Guaranty Corporation (PBGC) agrees and made a determination that the plan is a MEP. However, Sara Lee,

other employers, and the ABA Plan argue that the ABA Plan is an ASEP, and filed suit in a federal court in Washington DC challenging the PBGC's determination. The dispute is currently working its way through the court system. We do not know when there will be a final decision.

According to Altman and Cronin, an actuary hired by IBC to advise the Company in the ongoing litigation, if the ABA Plan is an ASEP, IBC faces \$65 to \$70 million, or more, in liability. Clearly, this additional liability could undermine IBC's ability to survive outside of bankruptcy. Therefore the liability must be discharged in bankruptcy. The only way to discharge the liability and not have to pay it in cash is to exit the ABA Plan now.

Even if the ABA Plan is a MEP, as IBC and the PBGC have concluded, Altman and Cronin has projected that IBC faces \$15 to \$20 million in liability (and the ABA Plan may continue to assert claims for certain disputed contributions not paid during the Bankruptcy in addition to such liability). As with the ASEP liability, IBC must discharge this possible liability in bankruptcy or face this as a post-bankruptcy cash claim against its business.

IBC believes that the court will rule that ABA Plan is a MEP. But, however the dispute regarding the ABA Plan is resolved, IBC must withdraw from the ABA Plan now so that IBC is protected from the potential crushing blow of the cash liability after it emerges from bankruptcy. This is an avoidable risk. IBC already faces rapidly increasing commodity, fuel, and other costs that it must manage after the bankruptcy. Eliminating this large ABA Plan potential liability is very important. The post-bankruptcy business impact of failing to discharge this liability is further demonstrated by the cash flow projection set forth on Exhibit A.

IF IBC EXITS THE ABA PLAN, WHAT HAPPENS TO THE EMPLOYEES' ABA PLAN BENEFITS?

If an employee has a vested benefit under the ABA Plan, the ABA Plan remains obligated to pay those vested benefits. Further, that obligation is insured by the PBGC. Exhibit B provides more detail about the PBGC and how it works. IBC cannot predict precisely how the PBGC will apply its rules in a particular person's situation, and therefore it is possible that the PBGC may not, under all circumstances, guarantee all of the ABA Plan benefits that a person might be entitled to receive.

WHAT RETIREMENT BENEFIT IS IBC PROPOSING IN LIEU OF THE ABA PLAN?

IBC will use its DBP to provide a defined benefit in lieu of the ABA Plan. The DBP has existed since 1949. The investment managers for the DBP are Goldman Sachs, Advisory Research, Inc., Dalton Greiner, LSV Asset Management, Pier Capital LLC and Western Asset Management. As of March 31, 2007, the DBP held assets with a value of \$68.3 million.¹ The IBC DBP covers 2,018 employees and retirees, 490 of whom are active employees of IBC. Of the active employees, 360 are members of various unions.

¹ See IBC's audited financial statement prepared on GAAP basis.

The DBP is currently paying benefits to 661 retirees. As of March 31, 2007, the DBP was very nearly fully funded. The PBGC also guarantees the benefits under the DBP.

Under the ABA Plan, participants are entitled to a certain level of monthly benefit upon retirement that is based upon years of eligible service with IBC. If the participant has more than five years of eligible service, those benefits are vested. If the participant were to stay employed at IBC until retirement age at 65, the benefit level they would be entitled to receive under the ABA Plan can be projected.

IBC is proposing that the benefit formula under the DBP be based upon the benefit formula under the ABA Plan and that all eligible service recognized under the ABA Plan also be recognized for purposes of (i) eligibility to participate in the DBP; (ii) eligibility for certain enhanced early retirement benefits under the DBP that are substantially the same as those in the ABA Plan; and (iii) vesting of benefits under the DBP. Therefore, for any participant that has five or more years of service and is therefore vested under the ABA Plan, the benefit payment he/she would be entitled to receive upon retirement at age 65 will not substantially change, because the amount vested and payable under the ABA Plan, plus the amount payable by the DBP, will substantially equal to the projected benefit he/she would have earned under the ABA Plan had he/she remained in the ABA Plan.

In those situations where a participant has less than five years of service, then the ABA Plan benefits have not yet vested, and therefore the participant will not receive any benefits from the ABA Plan. However, the years of service will be counted under the DBP as described above.

There are some situations where the benefits payable at retirement are likely to be less than a participant would have earned under the ABA Plan. Exhibit C (prepared by Altman and Cronin) provides specific examples of the projected retirement benefit for eligible employees covered by both the ABA and the proposed DBP.

Exhibit A

Cash Flow Impact of ABA Plan Problems

	<u>\$70 Million Liability</u>						
	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010 ⁽¹⁾</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>Cumulative</u>
Principal & Interest Payments Related to ABA Underfunding	\$ 42.5	\$ 11.9	\$ 11.4	\$ 10.8	\$ 10.3	\$ -	\$ 86.9

(1) Under the Plan of Reorganization, the Company does not have sufficient cash flow and borrowing availability to make these projected payments.

Exhibit B

PBGC Guarantee Information

The PBGC guarantees certain benefits when a pension plan terminates with insufficient assets to cover accrued benefits.

ERISA contains rules for allocating plan assets, generally to 6 categories (sometimes referred to as the "waterfall" allocation). If the plan has sufficient assets to pay for all benefits in a particular priority category the remaining assets are allocated to the next lower priority category. The process is repeated until all available plan assets are allocated.

The amount of the PBGC guarantee in each case depends on a variety of factors at the time the guarantee is called upon. For illustrative purposes, for a plan that terminates in 2008, the maximum guaranteed benefit for an individual retiring at age 65 and receiving a single life annuity is \$4,312.50 per month or \$51,750 per year. The maximum is adjusted downward for retirees younger than 65.

Based upon information available to IBC and estimates made by IBC's actuary, IBC does not believe that these "caps" on the PBGC's guarantee are likely to affect IBC's active vested employees. However, certain non-vested benefits may not be covered by the PBGC guarantee.

Exhibit C

Benefit Examples

Interstate Bakeries - projected Retirement Benefit

Comparison of Current ABA benefit to Projected Replacement Plan

Charlotte Employees¹ - \$20.44 per week Contribution (illustration)

Age	Service	Age at Termin.	(1) Current Mo. Ben.	(2) Proj. Mo. Ben.	(3) Proj. New Mo. Ben.	(4) Total New Ben. (1) + (3)	(5) Impact (4) - (2)
55	15	65	\$760	\$1,267	\$507	\$1,267	\$0
55	25	65	1267	1774	507	1774	0
55	3	65	114*	659	507	507	-152
50	15	60	646	1077	431	1077	0
50	10	60	323**	862	431	754	-108
39	4	55	106*	710	568	568	-142

1. Local 2828 - Service uncapped

* Nonvested benefits under ABA will be forfeited in case of plan withdrawal

** ABA benefit will not increase with 133% uplift which requires attained age 47 and 15 years of service



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 19, 2008

Mr. Dean Eason
International Representative
International Union, United Automobile, Aerospace and Agricultural Implement Workers of
America, Local Union No. 2828
132 East Central Avenue
Mount Holly, NC 28120-2111

Re: **Proposal for Modifications to Local 2828 - IBC Agreement
Pursuant to Section 1113 of the U.S. Bankruptcy Code**

Dear Dean:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the collective bargaining agreement currently in effect between Interstate Brands Corporation ("IBC") and Local 2828 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("Local 2828").

Enclosed with this letter is a proposal, provided pursuant to Section 1113, to eliminate Article XI of the collective bargaining agreement (and any and all associated provisions of or side letters to the collective bargaining agreement), which requires IBC to participate in and make contributions to the American Bakers Association Retirement Plan (the "ABA Plan"). As described in greater detail in the proposal, IBC faces tens of millions of dollars of liability because of the ABA Plan and must exit the ABA Plan immediately so that potential liability can be discharged under the bankruptcy rules applicable to other unsecured claims. Absent your Local's agreement, however, IBC cannot withdraw from the ABA Plan. If IBC fails to withdraw from the ABA Plan now, the potential liability would fall to a post-bankruptcy IBC and jeopardize its longer term survival, meaning that the potential liability would prevent IBC's successful restructuring.

In exchange for the Local 2828's agreement to make the necessary modifications to its collective bargaining agreement to permit IBC to exit the ABA Plan, IBC is willing to provide future defined benefit retirement benefits under IBC's Defined Benefit Plan ("DBP") subject to certain contingencies as further described in the proposal attached hereto.

To assist you in evaluating the proposal, we have also included information regarding the cash flow impact of the ABA Plan problems, information about the Pension Benefit Guaranty Corporation's pension guaranty, and specific examples of the projected retirement benefit for eligible employees covered by both the ABA and the proposed DBP. Please contact Leonard Singer, Esq. at (816) 502-4208 if you need additional information about the proposal beyond that

already made available to you.

We are available to discuss with you both the Section 1113 proposal and other options or suggestions you may have regarding an appropriate retirement plan to replace the ABA Plan. We hope that with your assistance the proposal will be approved by your Local quickly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation. Please contact me if you have any questions.

Very truly yours,



Richard B. Cook
Vice President-Labor Relations

cc: Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Mike Stewart

Enclosure



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 19, 2008

Mr. Ricky Hunter
Executive Officer
Glass, Molders, Pottery, Plastics and Allied Workers International Union, Local Union No. 98
286 Hood Road
Newnan, GA 30263

Re: **Proposal for Modifications to the Columbus, GA Office
Agreement Pursuant to Section 1113 of the U.S. Bankruptcy Code**

Dear Mr. Hunter:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the Columbus, GA Office collective bargaining agreement currently in effect between Interstate Brands Corporation ("IBC") and Local 98 of the Glass, Molders, Pottery, Plastics and Allied Workers International Union ("Local 98").

Enclosed with this letter is a proposal, provided pursuant to Section 1113, to eliminate Article 8 of the Columbus, GA Office collective bargaining agreement (and any and all associated provisions of or side letters to the collective bargaining agreement), which requires IBC to participate in and make contributions to the American Bakers Association Retirement Plan (the "ABA Plan"). As described in greater detail in the proposal, IBC faces tens of millions of dollars of liability because of the ABA Plan and must exit the ABA Plan immediately so that potential liability can be discharged under the bankruptcy rules applicable to other unsecured claims. Absent your Local's agreement, however, IBC cannot withdraw from the ABA Plan. If IBC fails to withdraw from the ABA Plan now, the potential liability would fall to a post-bankruptcy IBC and jeopardize its longer term survival, meaning that the potential liability would prevent IBC's successful restructuring.

In exchange for the Local 98's agreement to make the necessary modifications to its collective bargaining agreement to permit IBC to exit the ABA Plan, IBC is willing to provide future defined benefit retirement benefits under IBC's Defined Benefit Plan ("DBP") subject to certain contingencies as further described in the proposal attached hereto.

To assist you in evaluating the proposal, we have also included information regarding the cash flow impact of the ABA Plan problems, information about the Pension Benefit Guaranty Corporation's pension guaranty, and specific examples of the projected retirement benefit for eligible employees covered by both the ABA and the proposed DBP. Please contact Leonard Singer, Esq. at (816) 502-4208 if you need additional information about the proposal beyond that already made available to you.

We are available to discuss with you both the Section 1113 proposal and other options or suggestions you may have regarding an appropriate retirement plan to replace the ABA Plan. We hope that with your assistance the proposal will be approved by your Local quickly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation. Please contact me if you have any questions.

Very truly yours,



Richard B. Cook
Vice President-Labor Relations

cc: Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Dari Buckner

Enclosure



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 19, 2008

Ms. Pat Kirkman
Business Representative
International Brotherhood of Teamsters, Local Union No. 696
3600 NE Sardou Ave.
Topeka, KS 66616

Re: Proposal for Modifications to the Topeka, Kansas Route Sales
Representatives Agreement Pursuant to Section 1113
of the U.S. Bankruptcy Code

Dear Pat:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the Topeka, Kansas Route Sales Representatives collective bargaining agreement currently in effect between Interstate Brands Corporation ("IBC") and Local 696 of the International Brotherhood of Teamsters ("Local 696").

Enclosed with this letter is a proposal, provided pursuant to Section 1113, to eliminate Article 9 of the Topeka, Kansas Route Sales Representatives collective bargaining agreement (and any and all associated provisions of or side letters to the collective bargaining agreement), which requires IBC to participate in and make contributions to the American Bakers Association Retirement Plan (the "ABA Plan"). As described in greater detail in the proposal, IBC faces tens of millions of dollars of liability because of the ABA Plan and must exit the ABA Plan immediately so that potential liability can be discharged under the bankruptcy rules applicable to other unsecured claims. Absent your Local's agreement, however, IBC cannot withdraw from the ABA Plan. If IBC fails to withdraw from the ABA Plan now, the potential liability would fall to a post-bankruptcy IBC and jeopardize its longer term survival, meaning that the potential liability would prevent IBC's successful restructuring.

In exchange for the Local 696's agreement to make the necessary modifications to its collective bargaining agreement to permit IBC to exit the ABA Plan, IBC is willing to provide future defined benefit retirement benefits under IBC's Defined Benefit Plan ("DBP") subject to certain contingencies as further described in the proposal attached hereto.


To assist you in evaluating the proposal, we have also included information regarding the cash flow impact of the ABA Plan problems, information about the Pension Benefit Guaranty Corporation's pension guaranty, and specific examples of the projected retirement benefit for eligible employees covered by both the ABA and the proposed DBP. Please contact Leonard Singer, Esq. at (816) 502-4208 if you need additional information about the proposal beyond that

already made available to you.

We are available to discuss with you both the Section 1113 proposal and other options or suggestions you may have regarding an appropriate retirement plan to replace the ABA Plan. We hope that with your assistance the proposal will be approved by your Local quickly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation. Please contact me if you have any questions.

Very truly yours,


Richard B. Cook
Vice President-Labor Relations

cc: Rich Volpe
Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Jeff Parlato

Enclosure



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 19, 2008

Mr. Tom Krause
Secretary-Treasurer
International Brotherhood of Teamsters, Local Union No. 992
10312 Remington Dr.
Hagerstown, MD 21740

Re: **Proposal for Modifications to the Hagerstown & Fredrick, MD
Route Sales Representatives Agreement Pursuant to Section 1113
of the U.S. Bankruptcy Code**

Dear Tom:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the Hagerstown & Fredrick, MD Route Sales Representatives collective bargaining agreement currently in effect between Interstate Brands Corporation ("IBC") and Local 992 of the International Brotherhood of Teamsters ("Local 992").

Enclosed with this letter is a proposal, provided pursuant to Section 1113, to eliminate Article 6, Section 8 of the Hagerstown & Fredrick, MD Route Sales Representatives collective bargaining agreement (and any and all associated provisions of or side letters to the collective bargaining agreement), which requires IBC to participate in and make contributions to the American Bakers Association Retirement Plan (the "ABA Plan"). As described in greater detail in the proposal, IBC faces tens of millions of dollars of liability because of the ABA Plan and must exit the ABA Plan immediately so that potential liability can be discharged under the bankruptcy rules applicable to other unsecured claims. Absent your Local's agreement, however, IBC cannot withdraw from the ABA Plan. If IBC fails to withdraw from the ABA Plan now, the potential liability would fall to a post-bankruptcy IBC and jeopardize its longer term survival, meaning that the potential liability would prevent IBC's successful restructuring.

In exchange for the Local 992's agreement to make the necessary modifications to its collective bargaining agreement to permit IBC to exit the ABA Plan, IBC is willing to provide future defined benefit retirement benefits under IBC's Defined Benefit Plan ("DBP") subject to certain contingencies as further described in the proposal attached hereto.

To assist you in evaluating the proposal, we have also included information regarding the cash flow impact of the ABA Plan problems, information about the Pension Benefit Guaranty Corporation's pension guaranty, and specific examples of the projected retirement benefit for eligible employees covered by both the ABA and the proposed DBP. Please contact Leonard Singer, Esq. at (816) 502-4208 if you need additional information about the proposal beyond that

already made available to you.

We are available to discuss with you both the Section 1113 proposal and other options or suggestions you may have regarding an appropriate retirement plan to replace the ABA Plan. We hope that with your assistance the proposal will be approved by your Local quickly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation. Please contact me if you have any questions.

Very truly yours,



Richard B. Cook
Vice President-Labor Relations

cc: Rich Volpe
Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Jeff Parlato

Enclosure



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 19, 2008

Mr. Neil Mathews
Business Representative
International Brotherhood of Teamsters, Local Union No. 135
4617 Richland Plaza
Bloomington, IN 47404

Re: **Proposal for Modifications to the Vincennes, IN Route Sales
Representative Agreement Pursuant to Section 1113
of the U.S. Bankruptcy Code**

Dear Mr. Mathews:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the Vincennes, IN Route Sales Representative collective bargaining agreement currently in effect between Interstate Brands Corporation ("IBC") and Local 135 of the International Brotherhood of Teamsters ("Local 135").

Enclosed with this letter is a proposal, provided pursuant to Section 1113, to eliminate Article 42 of the Vincennes, IN Route Sales Representative collective bargaining agreement (and any and all associated provisions of or side letters to the collective bargaining agreement), which requires IBC to participate in and make contributions to the American Bakers Association Retirement Plan (the "ABA Plan"). As described in greater detail in the proposal, IBC faces tens of millions of dollars of liability because of the ABA Plan and must exit the ABA Plan immediately so that potential liability can be discharged under the bankruptcy rules applicable to other unsecured claims. Absent your Local's agreement, however, IBC cannot withdraw from the ABA Plan. If IBC fails to withdraw from the ABA Plan now, the potential liability would fall to a post-bankruptcy IBC and jeopardize its longer term survival, meaning that the potential liability would prevent IBC's successful restructuring.

In exchange for the Local 135's agreement to make the necessary modifications to its collective bargaining agreement to permit IBC to exit the ABA Plan, IBC is willing to provide future defined benefit retirement benefits under IBC's Defined Benefit Plan ("DBP") subject to certain contingencies as further described in the proposal attached hereto.

To assist you in evaluating the proposal, we have also included information regarding the cash flow impact of the ABA Plan problems, information about the Pension Benefit Guaranty Corporation's pension guaranty, and specific examples of the projected retirement benefit for eligible employees covered by both the ABA and the proposed DBP. Please contact Leonard Singer, Esq. at (816) 502-4208 if you need additional information about the proposal beyond that

already made available to you.

We are available to discuss with you both the Section 1113 proposal and other options or suggestions you may have regarding an appropriate retirement plan to replace the ABA Plan. We hope that with your assistance the proposal will be approved by your Local quickly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation. Please contact me if you have any questions.

Very truly yours,



Richard B. Cook
Vice President-Labor Relations

cc: Brian Buhle
Rich Volpe
Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Dari Buckner

Enclosure



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 19, 2008

Mr. Frank Mendoza
Business Representative
International Brotherhood of Teamsters, Local Union No. 104
1450 S. 27th Ave.
Phoenix, AZ 85009

Re: Proposal for Modifications to the Thrift Store Clerks Agreement
Pursuant to Section 1113 of the U.S. Bankruptcy Code

Dear Mr. Mendoza:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the Thrift Store Clerks collective bargaining agreement currently in effect between Interstate Brands Corporation ("IBC") and Local 104 of the International Brotherhood of Teamsters ("Local 104").

Enclosed with this letter is a proposal, provided pursuant to Section 1113, to eliminate Article 14 of the Thrift Store Clerks collective bargaining agreement (and any and all associated provisions of or side letters to the collective bargaining agreement), which requires IBC to participate in and make contributions to the American Bakers Association Retirement Plan (the "ABA Plan"). As described in greater detail in the proposal, IBC faces tens of millions of dollars of liability because of the ABA Plan and must exit the ABA Plan immediately so that potential liability can be discharged under the bankruptcy rules applicable to other unsecured claims. Absent your Local's agreement, however, IBC cannot withdraw from the ABA Plan. If IBC fails to withdraw from the ABA Plan now, the potential liability would fall to a post-bankruptcy IBC and jeopardize its longer term survival, meaning that the potential liability would prevent IBC's successful restructuring.

In exchange for the Local 104's agreement to make the necessary modifications to its collective bargaining agreement to permit IBC to exit the ABA Plan, IBC is willing to provide future defined benefit retirement benefits under IBC's Defined Benefit Plan ("DBP") subject to certain contingencies as further described in the proposal attached hereto.

To assist you in evaluating the proposal, we have also included information regarding the cash flow impact of the ABA Plan problems, information about the Pension Benefit Guaranty Corporation's pension guaranty, and specific examples of the projected retirement benefit for eligible employees covered by both the ABA and the proposed DBP. Please contact Leonard Singer, Esq. at (816) 502-4208 if you need additional information about the proposal beyond that already made available to you.

We are available to discuss with you both the Section 1113 proposal and other options or suggestions you may have regarding an appropriate retirement plan to replace the ABA Plan. We hope that with your assistance the proposal will be approved by your Local quickly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation. Please contact me if you have any questions.

Very truly yours,



Richard B. Cook
Vice President-Labor Relations

cc: Rich Volpe
Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Matt Hall

Enclosure



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 19, 2008

Mr. Bob Ryder
International Brotherhood of Teamsters, Local Union No. 463
1375 Virginia Dr., Suite 203
Ft. Washington, PA 19034

Re: Proposal for Modifications to the SE Pennsylvania, Delaware & S.
Jersey Bakery Outlets Agreement Pursuant to Section 1113
of the U.S. Bankruptcy Code

Dear Bob:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the SE Pennsylvania, Delaware & S. Jersey Bakery Outlets collective bargaining agreement currently in effect between Interstate Brands Corporation ("IBC") and Local 463 of the International Brotherhood of Teamsters ("Local 463").

Enclosed with this letter is a proposal, provided pursuant to Section 1113, to eliminate Article 18 of the SE Pennsylvania, Delaware & S. Jersey Bakery Outlets collective bargaining agreement (and any and all associated provisions of or side letters to the collective bargaining agreement), which requires IBC to participate in and make contributions to the American Bakers Association Retirement Plan (the "ABA Plan"). As described in greater detail in the proposal, IBC faces tens of millions of dollars of liability because of the ABA Plan and must exit the ABA Plan immediately so that potential liability can be discharged under the bankruptcy rules applicable to other unsecured claims. Absent your Local's agreement, however, IBC cannot withdraw from the ABA Plan. If IBC fails to withdraw from the ABA Plan now, the potential liability would fall to a post-bankruptcy IBC and jeopardize its longer term survival, meaning that the potential liability would prevent IBC's successful restructuring.

In exchange for the Local 463's agreement to make the necessary modifications to its collective bargaining agreement to permit IBC to exit the ABA Plan, IBC is willing to provide future defined benefit retirement benefits under IBC's Defined Benefit Plan ("DBP") subject to certain contingencies as further described in the proposal attached hereto.

To assist you in evaluating the proposal, we have also included information regarding the cash flow impact of the ABA Plan problems, information about the Pension Benefit Guaranty Corporation's pension guaranty, and specific examples of the projected retirement benefit for eligible employees covered by both the ABA and the proposed DBP. Please contact Leonard Singer, Esq. at (816) 502-4208 if you need additional information about the proposal beyond that already made available to you.

We are available to discuss with you both the Section 1113 proposal and other options or suggestions you may have regarding an appropriate retirement plan to replace the ABA Plan. We hope that with your assistance the proposal will be approved by your Local quickly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation. Please contact me if you have any questions.

Very truly yours,



Richard B. Cook
Vice President-Labor Relations

cc: Rich Volpe
Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Jeff Parlato

Enclosure



INTERSTATE BAKERIES CORPORATION

8050 Marshall Drive / Lenexa, KS 66214-1570

February 19, 2008

Mr. David Woods
Business Agent
Bakery, Confectionary, Tobacco Workers and Grain Millers International Union Local 25
3922 Volunteer Drive
Chattanooga, TN 37416

Re: Proposal for Modifications to the Knoxville and Chattanooga, TN Agreement Pursuant to Section 1113 of the U.S. Bankruptcy Code

Dear Mr. Woods:

The purpose of this letter is to formally initiate the process under Section 1113 of the U.S. Bankruptcy Code, 11 U.S.C. § 1113 ("Section 1113") for rejection of the Knoxville and Chattanooga, TN collective bargaining agreement currently in effect between Interstate Brands Corporation ("IBC") and Local 25 of the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union ("Local 25").

Enclosed with this letter is a proposal, provided pursuant to Section 1113, to eliminate Article 25 of the Knoxville and Chattanooga, TN collective bargaining agreement (and any and all associated provisions of or side letters to the collective bargaining agreement), which requires IBC to participate in and make contributions to the American Bakers Association Retirement Plan (the "ABA Plan"). As described in greater detail in the proposal, IBC faces tens of millions of dollars of liability because of the ABA Plan and must exit the ABA Plan immediately so that potential liability can be discharged under the bankruptcy rules applicable to other unsecured claims. Absent your Local's agreement, however, IBC cannot withdraw from the ABA Plan. If IBC fails to withdraw from the ABA Plan now, the potential liability would fall to a post-bankruptcy IBC and jeopardize its longer term survival, meaning that the potential liability would prevent IBC's successful restructuring.

In exchange for the Local 25's agreement to make the necessary modifications to its collective bargaining agreement to permit IBC to exit the ABA Plan, IBC is willing to provide future defined benefit retirement benefits under IBC's Defined Benefit Plan ("DBP") subject to certain contingencies as further described in the proposal attached hereto.

To assist you in evaluating the proposal, we have also included information regarding the cash flow impact of the ABA Plan problems, information about the Pension Benefit Guaranty Corporation's pension guaranty, and specific examples of the projected retirement benefit for eligible employees covered by both the ABA and the proposed DBP. Please contact Leonard Singer, Esq. at (816) 502-4208 if you need additional information about the proposal beyond that already made available to you.

We are available to discuss with you both the Section 1113 proposal and other options or suggestions you may have regarding an appropriate retirement plan to replace the ABA Plan. We hope that with your assistance the proposal will be approved by your Local quickly.

We regret having to pursue this option but there are no other alternatives available to us if we are to save IBC from liquidation. Please contact me if you have any questions.

Very truly yours,



Richard B. Cook
Vice President-Labor Relations

cc: Frank Hurt
Joe Thibodeau
Jeff Freund
Tony Johnson
Tom Jerman
Jeff Kohn
Kent Magill
Dave Loeser
Leonard Singer
Mike Stewart

Enclosure