

**PROPOSED MODIFICATIONS TO THE IBC - IBT LOCAL AGREEMENTS
BETWEEN INTERSTATE BRANDS CORPORATION AND AFFILIATES OF
THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS
TO EXIT INTERSTATE BRANDS CORPORATION FROM BANKRUPTCY**

The parties reserve the right to correct inadvertent errors and omissions.

- 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 International Brotherhood of Teamsters (“IBT”); and
- II. WHEREAS, modifications to the Local IBT Agreements must be approved and ratified by a national mail referendum ballot as discussed below; 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 parties desires to facilitate prompt agreement on modifications to the Local Agreements; and, to that end, has formed a “Committee” comprised of the Director of the Bakery/Laundry Conference its Executive Board and Advisors who command the necessary experience in the baking industry; and
- V. WHEREAS, the “Committee” has met with IBC and discussed a package of modifications, and now endeavors to obtain the agreement and ratification of the following modifications in an expeditious manner; therefore,

IBC proposes the following package of modifications to IBT:

<p>A. Definitions</p>	<ol style="list-style-type: none"> 1. "IBT" means the International Brotherhood of Teamsters. 2. "IBT 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 IBT Local Unions shall include those unions. 3. "IBT Local Agreements," or "Local Agreements," means the collective bargaining agreements identified in Appendix A hereto (and 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. 4. "Committee" means the committee formed by the IBT to meet with IBC and reach modifications to be presented to the Local Unions. 5. "IBT Modification Agreement" means this document, and Appendices A, B, B1, C, and D, attached hereto.
<p>B. Best Efforts to Obtain Ratification</p>	<ol style="list-style-type: none"> 1. The "Committee" shall exert every effort to obtain a fully ratified Modification Agreement by a national referendum ballot involving all IBT Local Unions within sixty (60) days of acceptance of this offer by the committee. <p>The Modification Agreement contained herein shall become effective on the first Sunday after exiting bankruptcy. Simultaneously with and as part of the ballot to approve these modifications, members will vote to bargain on such a basis, that is, on having a single national master bargaining unit of all employees of IBC represented by Teamsters. To the extent individual agreements have a recognition clause describing a smaller bargaining unit, they shall be superseded by this agreement. IBC consents to recognize the Teamsters as bargaining agents on this single, national master bargaining unit basis.</p>
<p>C. Effective Date of Modification Agreement</p>	<p>The effective date of the Modification Agreement will be the first Sunday after the Company exits bankruptcy.</p> <p>As soon as practical after the ratification vote, the Director of the IBT Bakery Conference will provide in writing to IBC the results of the national mail referendum.</p> <p>The expiration date of the Modification Agreement shall be July 31st, 2014 and all Long-Term Agreement shall fold into this Modification Agreement at their Long-Term Agreements expiration dates and shall</p>

	continue all terms and conditions of such agreements except as modified by the Modification Agreement. The period between the expiration of the Long-Term Agreements and the expiration of the Modification Agreement shall be called the MASTER EXTENSION AGREEMENT.
D. Long-Term Extension Agreements	Prior to ratification of the IBT Modification Agreement, all IBT Local Agreements that have not previously been amended through a Long-Term Extension Agreement shall be reviewed and agreed to. The National Mail Referendum regarding the Modification Agreement will constitute the ratification of such Long-Term Extension Agreements. Upon the effective date of the Modification Agreement, such locations will be covered by the Modification Agreement in the same manner as any other location.
E. Expiration of Local Agreements	The IBT Long-Term Extension Agreements shall continue to their expiration dates without change except as modified herein.
F. Method of Distribution & Wage Adjustments	All Local Agreements that apply to Route Sales Representatives or other employees engaged in the distribution of IBC products shall be amended to provide that IBC may engage in the methods of distribution set forth in Appendix B, and all employees engaged in this work shall be subject to the terms and conditions set forth in Appendix B and B1; provided that a successful test (as determined solely by the Company) has been completed in any area other than a Teamster area. The roll out of the distributions method in Appendix B shall not occur prior to August 1 st , 2010 in any Teamster area.
G. Dolly Direct	<p>The terms of the Dolly Direct program as outlined in the Long Term Extension Agreements shall continue for the life of the Modification Agreement except as modified in this paragraph G:</p> <p>(a) #6 Operational Changes (Bread): (c)(ii). Products. Wherever the number eight (8) appears in this section it will be replaced by the number twelve (12).</p> <p>(b) #6 Operational Changes (Cake): (c)(ii). Products. Wherever the number fifteen (15) appears in this section it will be replaced by the number twenty-two (22). A new product developed by the Company may not be added to Attachment D until such product has been sold by the Company using the Direct Sales Distribution method for nine (9) months or more. The Company may add seven (7) additional cake products to Attachment D.</p> <p>(c) Effective January 1, 2008, Operations Changes, the section regarding a year-end bonus will no longer be in effect.</p> <p>(d) IBC may at any time during the life of the Modification Agreement</p>

	request a meeting with the IBT for the purpose of mutually agreeing on changes in the Dolly Direct program that may enhance the program without negatively affecting the Hostess/Drake's DSD operation.
H. Health, Welfare & Pension	All IBT Local Agreements shall be amended to implement the changes set forth in Appendix C.
I. So. Cal., No. Wash, & Mich Bread Operations	IBC will study, review and consider the feasibility of the re-entry into these markets; IBC agrees upon re-entry all work formally performed by Teamsters covered by the Long-Term Extension Agreements shall be assigned to Teamsters covered herein. IBC has the sole right to determine sufficient study, review and consideration and whether or not to re-enter the market.
J. Equality of Sacrifice	IBC is committed to the principle that all employee groups should sacrifice equally in achieving labor contract modifications necessary to allow IBC's restructuring and exiting from bankruptcy. IBC therefore will make a good faith effort to seek concessions comparable in degree to those contained in these Modification Agreements from its other represented and unrepresented employees.
K. Transport	<p>The outsourcing agreement will control the Company's right to outsource on a permanent basis and will supersede any limitations and any local agreements or local practices</p> <p>IBC shall have the right to convert Transport hourly rates to trip rates provided the conversion is equal to or better than the hourly rate for that year. The IBT shall relax jurisdictional boundaries when necessary for Transport operations provided the work remains covered by a Teamster contract(s) covered herein.</p>
L. Equity Sharing	A Teamster Equity Sharing Plan shall be established at 7% of the Company's total equity and each employee's share shall be based upon the concessionary Base Pay dollars (for RSR's) and the reduction from gross weekly pay (for hourly employees) contributed for the life of the IBC/IBT Modification Agreement. However, in order to reduce the effect of dilution, RSR's will be granted additional SAR's to achieve 8.11% of the equity fully diluted at closing
L 1. Profit Sharing	IBC agrees to adopt a Profit Sharing Program for employees as set forth in Appendix D.
M. Pending Disputes	IBC & IBT agree to expedite resolution of all existing arbitrations and NLRB charges.
N. Definitive Documentation	This Term Sheet and its attachments constitute the complete agreement between IBC and the IBT Local Unions for modifications of existing IBT Local Agreements. Within 90 days of emergence from bankruptcy, the

	<p>parties will draft final documents incorporating these agreements. The terms of the Modification Agreement shall supersede any inconsistent terms of the existing Local Agreements. To the extent not modified by this Modification Agreement, all Local Agreements shall remain in full force and effect. To the extent not modified by this Modification Agreement, nothing herein will be construed to impair any existing unwritten practices, supplemental agreements, appendices, or other oral or written agreements in the underlying local agreements or their long term extensions; however, any terms of the Modification Agreement supersede local agreements and practices.</p>
<p>O. Neutrality and Protection of Jurisdiction</p>	<p>Upon ratification of the Modification Agreement, IBC will agree with the IBT to a Neutrality and Protection of Jurisdiction Agreement.</p> <p>All work performed by Teamsters covered by this Agreement and any Long-Term Extension Agreements shall continue to be performed by Teamsters covered herein.</p> <p>Any and all disputes regarding the application of, or interpretation of, the Modification Agreement shall be settled by binding arbitration through a permanent arbitrator to be selected mutually by IBC and the IBT. The cost of the arbitrator and the hearing room shall be shared equally by the parties.</p>
<p>P. Conditions to Effectiveness</p>	<p>This Modification Agreement shall be subject to the following conditions to its effectiveness;</p> <ul style="list-style-type: none"> a. Approval by the General President of the International Brotherhood of Teamsters prior to sending the mail ballot out for ratification; and b. Agreement by a majority of the affected local unions to participate in a master collective bargaining agreement, with appropriate regional addenda; and c. Ratification of these modifications by a majority of the membership in the local unions affected in a national mail ballot referendum; and d. Assumption of all ratified local agreements and agreement to a master bargaining unit in any plan of reorganization.
<p>Q. Master Agreement</p>	<p>The MASTER EXTENSION AGREEMENT shall be completed within twelve months of exiting bankruptcy.</p> <p>The MASTER EXTENSION AGREEMENT shall be completed by a Labor Management Team agreed to between the IBC and IBT and shall include general language covering all Teamsters and Local supplements</p>

	covering economic and necessary issues.
R. Notification and Effects on future closings	IBC agrees not to close any facilities without first notifying the IBT Committee and the affected Local Union(s) at least 30 days prior to the public announcement of the closing, so that the parties may meet to discuss possible solutions to prevent the closing or minimize the reduction.

FOR THE IBC-IBT NATIONAL
NEGOTIATING COMMITTEE

FOR INTERSTATE BRANDS
CORPORATION

Richard Volpe
Co-Chair *Date*

Date

Dennis Raymond
Date

WITNESS:

Robert Rayes
Date

Date

Dan Bartholomew
Date

Date

Hector Fernandez
Date

Date

David D. Dudas
Date

Tyronne Brewster

Date

Dean Modecker

Date

Jeff Padellaro

Date

Michael DeBuck

Date

APPENDIX A

COLLECTIVE BARGAINING AGREEMENTS AND LONG-TERM EXTENSION AGREEMENTS

Profit Center: Florida

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
Miami	FL	Loaders (old Bake Shop)	769	X	6/25/2011
Fort Lauderdale	FL	Sales	769	X	6/25/2011
Miami	FL	Garage	769	X	6/25/2011
Miami	FL	Sales	769	X	6/25/2011
Tampa	FL	Sales	79	X	6/25/2011
Tampa	FL	Transport	79	X	6/25/2011
Columbus	GA	Transport/Garage/ Shipping	528	X	6/25/2011

Profit Center: Mid Atlantic

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
Charlotte	NC	Transport	71	X	6/25/2011
Winston-Salem	NC	Garage	391	X	6/25/2011
Raleigh/New Bern	NC	Sales	391	X	6/25/2011
Petersburg	VA	Thrift	592	X	6/25/2011
Richmond	VA	Sales	592	X	6/25/2011
Richmond	VA	Shipping/Garage	322	X	6/25/2011

Profit Center: North Central

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
Loves Park	IL	Sales	325	X	9/10/2011
Cedar Rapids/Burlington/Iowa City	IA	Sales/Shipping	238	X	9/10/2011
Champaign/Danville	IL	Thrift	26	X	9/10/2011
Champaign/Mattoon/Danville	IL	Sales/Garage	26	X	9/10/2011
Chicago	IL	Shipping	734	X	9/10/2011
Chicago	IL	Sales/Transport	734	X	9/10/2011
Creve Coeur	IL	Thrift	627	X	9/10/2011
Davenport	IA	Garage	371	X	9/10/2011
Davenport/Eastern Iowa	IA	Sales/Shipping	371; 722	X	9/10/2011
Davenport/Eastern Iowa	IA	Transport	371	X	9/10/2011
Decatur	IL	Sales/Shipping	279	X	9/10/2011
Decatur	IL	Thrift	279	X	9/10/2011
Des Moines	IA	Thrift	120	X	9/10/2011
Dixon/LaSalle/Streator/Mendota	IL	Sales	722	X	9/10/2011
Dubuque	IA	Thrift	421	X	9/10/2011
Dubuque	IA	Sales/Shipping	421	X	9/10/2011
Galesburg/Kewaunee	IA	Shipping	371	X	9/10/2011
Green Bay/Fon Du Lac	WI	Sales	662; 200	X	9/10/2011
Hodgkins	IL	Thrift	734	X	9/10/2011
Janesville	WI	Thrift	579	X	9/10/2011
Janesville/Madison	WI	Sales/Shipping/ Garage	579; 695	X	9/10/2011
Kankakee	IN	Sales	705	X	9/10/2011
Lake County	IN	Sales/Shipping	142	X	9/10/2011
Lake County	IN	Garage	142	X	9/10/2011
La Salle/Streator	IL	Shipping	722	X	9/10/2011
Litchfield	IL	Thrift	525	X	9/10/2011
Litchfield	IL	Sales/Shipping	525	X	9/10/2011
Milwaukee	WI	Sales (Bread)	344	X	9/10/2011
Milwaukee	WI	Sales (Cake)	344	X	9/10/2011

Milwaukee	WI	Shipping	344	X	9/10/2011
Minneapolis	MN	Sales/Shipping/ Garage	289	X	9/10/2011
Ottumwa	IA	Sales/Shipping	238	X	9/10/2011
Peoria	IL	Transport/ Shipping	627	X	9/10/2011
Peoria	IL	Sales/Shipping	627	X	9/10/2011
Peoria	IL	Garage	627	X	9/10/2011
Peoria	IL	Sales (Cake)	627	X	9/10/2011
Quincy/Hannibal	MO	Sales/Shipping	688	X	9/10/2011
Rochester/Mankato/LaCrosse	MN	Sales/Shipping	120; 160	X	9/10/2011
Rockford	IL	Sales	325	X	9/10/2011
Springfield	IL	Sales/Garage	916	X	9/10/2011
Waterloo/Central Iowa	IA	Sales/Transport/ Garage	238	X	9/10/2011
Altoona	WI	Sales	662	X	9/10/2011

Profit Center: North East

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
New Jersey	NJ	Sales/Transport/Gar/ Ship/Thrift	701	X	7/31/2010
New Jersey	NJ	Sales (Cake)	701	X	7/31/2010
Erie	NY	Sales	264	X	8/1/2010
Utica/Syracuse/Rochester/Albany	NY	Sales/Tran/Gar/Ship/ Sanitation	182; 118	X	8/1/2010
Buffalo	NY	Sales/Transport	264	X	8/1/2010
Metro New York	NY	Sales/Transport (Bread)	550	X	7/31/2010
Salisbury	MD	Sales/Shipping	639	X	8/1/2010
Washington DC	DC	Sales	639	X	8/1/2010
Philadelphia/S. New Jersey	PA	Sales/Transport/Garage/ Shipping	463	X	8/1/2010
Pennsylvania/Deleware/S. New Jersey	PA	Thrift	463	X	8/1/2010
Hagerstown/Fredrick	MD	Sales/Shipping/Thrift	992	X	8/1/2010
Baltimore	MD	Sales/Shipping	570	X	8/1/2010
New England	NJ	Sales/Transport/Garage/ Shipping/Thrift	145; 170; 251; 340; 404; 443; 493; 559; 633; 653; 677	X	8/1/2010
New England	ME	Sales Supervisors	145; 170; 251; 340; 404; 443; 493; 559; 633; 653; 677	X	8/1/2010
South New Jersey	NJ	Sales/Garage/Shipping	676	X	8/1/2010
Metro New York	NY	Sales (Cake)	550	X	7/31/2010

Profit Center: North West

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
North Dakota	ND	Sales/Transport/Garage	638	X	12/2/2010
North Dakota	ND	Thrift	638	X	12/2/2010
Billings	MT	Sales/Transport/Garage	2; 190	X	12/2/2010
Las Vegas	NV	Sales/Transport	14	X	12/2/2010
Las Vegas	NV	Thrift	14	X	12/2/2010
Arizona	AZ	Sales/Transport	104	X	12/2/2010
Phoenix	AZ	Thrift	104	X	12/2/2010
Anchorage	AK	Bake Shop/Transport	959	X	12/2/2010
Ogden/Salt Lake City	UT	Sales/Transport	222	X	12/2/2010
Boise	ID	Sales/Transport/ Garage	483; 983	X	12/2/2010
Baker/LaGrande	OR	Sales	670	X	12/2/2010

Seattle/Lakewood	WA	Office	117	X	12/2/2010
Washington	WA	Sales/Transport/ Shipping/Thrift	117; 252; 760; 690; 760	X	12/2/2010
Oregon	OR	Sales/Transport	58; 206; 305; 324; 670; 962	X	12/2/2010
Salt Lake City	UT	Thrift (Dolly)	222	X	12/2/2010

Profit Center: Northern California

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
Northern California & Bakersfield	CA	Sales/Transport /Shipping	853; 87; 137; 150; 386; 431; 439; 490; 890; 912; 948	X	10/2/2010
Northern California & Bakersfield	CA	Thrift	853; 87; 386; 431; 490; 890; 912; 948	XZ	4/11/2009
Yuba City/Redding	NV	Thrift	137		10/15/2006
Reno	NV	Sales	533	X	10/2/2010
Sacramento	AZ	Office	150	X	4/9/2011

Profit Center: South Central

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
Centralia	IL	Sales	50	X	8/6/2011
Colorado Springs	CO	Thrift	455	X	8/6/2011
Colorado/Casper	CO	Sales/Transport/ Shipping	17; 455	X	8/6/2011
Denver	CO	Thrift	455	X	8/6/2011
Desloge	MO	Sales/Shipping	688	X	8/6/2011
Emporia	KS	Transport	955	X	8/6/2011
Evansville	IN	Sales	215	X	8/6/2011
Fort Smith	AR	Sales	373	X	8/6/2011
Houston	TX	Sales	988	X	8/6/2011
Humbolt	KS	Sales/Shipping/Thrift	823	X	8/6/2011
Jefferson City	MO	Sales/Shipping/Garage	833	XZ	6/10/2006
Joplin/Miami	OK	Sales/Shipping	823	X	8/6/2011
Joplin/Miami	OK	Garage/Thrift	823	X	8/6/2011
Kansas City	MO	Sales	955	X	8/6/2011
Kansas City	MO	Transport	955	X	8/6/2011
Kansas City	MO	Thrift (Dolly/Butternut)	955	X	8/6/2011
Lenexa	KS	Office	955	X	8/6/2011
Mayfield	KY	Thrift	236	X	8/6/2011
Mayfield	KY	Sales/Garage/Shipping	236	X	8/6/2011
Mt. Vernon/Marion	IL	Sales/Garage/Shipping	347	X	8/6/2011
Muskogee	OK	Sales/Shipping/Garage/Thrift	516	X	8/6/2011
Oklahoma City	OK	Garage	886	X	8/6/2011
Oklahoma City	OK	Sales	886	X	8/6/2011
Oklahoma City	OK	Thrift	886	X	8/6/2011
Omaha	NE	Sales/Garage/Shipping	554	X	8/6/2011
Salina	KS	Sales	696	X	8/6/2011
Sedalia/Boonville	MO	Sales/Transport/ Shipping/Garage	41	XZ	3/11/2006
Sioux City/Spencer	IA	Thrift	554	X	8/6/2011
Sioux City/Spencer	IA	Sales/Shipping	554	X	8/6/2011
Springfield	MO	Thrift (Butternut)	245	X	8/6/2011
Springfield	MO	Thrift (Dolly)	245	X	8/6/2011
Springfield/Farmington	MO	Sales/Transport/Shipping	245	X	8/6/2011

St. Joseph/Manhattan	KS	Sales	955	X	8/6/2011
St. Louis	MO	Transport	688	XZ	4/5/2008
St. Louis	MO	Garage	688	X	8/6/2011
St. Louis	MO	Engineer	6	X	8/6/2011
St. Louis/Rolla	MO	Sales/Thrift	688	XZ	3/14/2004
Topeka	KS	Sales	696	X	8/6/2011
Tulsa	OK	Sales/Transport/ Shipping/Garage/Thrift	523	X	8/6/2011
Tulsa	OK	Office	523	X	8/6/2011
Wichita	KS	Sales/Transport/ Garage	795	X	8/6/2011
Poplar Bluff	MO	Sales	600	X	8/6/2011

Profit Center: South East

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
Little Rock	AR	Sales/Shipping	878	X	6/25/2011
Knoxville	TN	Sales/Transport/Garage/Sanitation/Shipping/Thrift	519	X	6/25/2011
Johnson City	TN	Sales/Garage/Shipping	549	X	6/25/2011
Cookeville	TN	Sales/Shipping	519	X	6/25/2011
Nashville	TN	Sales/Garage/Shipping	327	X	6/25/2011
London	KY	Sales/Garage/Shipping/Thrift	651	X	6/25/2011
Alexandria	LA	Sales/Transport/Shipping/Thrift	568	X	6/25/2011
Baton Rouge (East side)	LA	Sales	5	X	6/25/2011
Lafayette (West side)	LA	Sales/Shipping	5	X	6/25/2011
Monroe	LA	Transport	568	X	6/25/2011
Shreveport	LA	Sales	568	X	6/25/2011

Profit Center: Southern California

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
Bakersfield	CA	Thrift (Millbrook)	87	XZ	4/7/2006
Glendale	CA	Garage	495	X	6/11/2011
Pomona/Southern California	CA	Office	63	XZ	7/14/2007
Southern California	CA	Thrift (Millbrook)	63; 166; 186; 381; 542; 572; 952; 986	XZ	4/21/2007
Southern California	CA	Thrift (Wonder/Hostess)	63; 166; 186; 381; 542; 572; 683; 952; 986C	XZ	4/21/2007
Southern California/Yuma	CA	Sales/Transport/Garage	63; 166; 186; 381; 542; 572; 683; 952; 986C	X	10/2/2010

Profit Center: Upper Midwest

Unit Location City	State	Unit Description	Local	Ratified LTE	Exp Date
Louisville	KY	Sales/Garage/Thrift	89 & 215	X	10/29/2011
Louisville	KY	Thrift (Butternut)	89	X	10/29/2011
Louisville/Bowling Green; etc.	KY	Thrift (Dolly)	89	X	10/29/2011
Bowling Green	KY	Sales	89	X	10/29/2011
Cincinnati	OH	Shipping	114	XZ	7/16/2005
Ohio	OH	Sales/Transport/Shipping/Thrift /Garage	20; 40; 52; 92; 114; 284; 377; 637; 908; 957	X	10/29/2011
Lexington/Danville/Frankfurt	KY	Thrift	651	X	10/29/2011
Madison	IN	Sales/Shipping	135	X	10/29/2011
Grand Rapids	MI	Sales	406	X	10/29/2011
Cadillac	MI	Sales (Hostess)	406	X	10/29/2011

South Bend	IN	Sales/Transport	364	X	10/29/2011
South Bend	IN	Shipping	364	X	10/29/2011
Lansing	MI	Sales/Shipping	580	X	10/29/2011
Battle Creek	MI	Sales	7	X	10/29/2011
Pittsburgh	PA	Sales/Transport/Garage	926	X	10/29/2011
Altoona/Johnstown	PA	Sales/Shipping	110	X	10/29/2011
Wheeling	WV	Sales	697	X	10/29/2011
Beckley	WV	Sales	175	XZ	5/10/2008
Cincinnati	OH	Garage	100	X	10/29/2011
Huntington	WV	Sales	505	X	10/29/2011
Lexington	KY	Sales/Shipping/Garage	651	X	10/29/2011
Jackson	MI	Sales/Shipping/Garage/Thrift	164	X	10/29/2011
Port Huron/Marysville	MI	Sales/Shipping/Garage/Thrift	339	X	10/29/2011
Detroit	MI	Sales (Hostess)	51	X	10/29/2011
Detroit	MI	Sales (Wonder)	51	X	10/29/2011
Detroit	MI	Thrift (Dolly)	51	X	10/29/2011
Detroit	MI	Garage	51	X	10/29/2011
Detroit	MI	Thrift	51	X	10/29/2011
Flint	MI	Sales/Shipping	332	X	10/29/2011
Saginaw	MI	Sales/Shipping	486	X	10/29/2011
Vincennes	IN	Sales	135	X	10/29/2011
Kokomo	IN	Thrift	135	X	10/29/2011
Indiana	IN	Sales/Shipping/Office/Transport/Thrift/Garage	135	X	10/29/2011
Terre Haute	IN	Shipping/Garage	135	X	10/29/2011
Vincennes	IN	Shipping/Garage	135	X	10/29/2011
Terre Haute	IN	Thrift	135	X	10/29/2011
Fort Wayne	IN	Sales/Shipping/Garage	414	X	10/29/2011

APPENDIX B -- METHODS OF DELIVERY

1. Upon a successful testing (within a BCTGM area) the Company may implement, in whole or in part, the following methods of distribution a) large format system, b) drop and go system, c) direct store delivery (route sales), 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 except that the drop and go system shall be limited as follow: i) small customers less than \$100.00 per week unless the parties mutually agreed to a higher amount, ii) customers such as vend, food service, schools, restaurants and institutional. The Company has sole discretion to determine if a test was successful.

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 below when the above methods of distribution are in effect.

- a. Field Sales Representative (large format system):
 - (i) Base pay equal to that outlined in the existing CBA for RSRs; and
 - (ii) Commission rate equal to fifty percent (50%) of the existing commission rates outlined in the existing CBA for RSRs

- b. Alternate Sales Representative (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 percent (45%) 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 Representative:
 - (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 Representative (ASR):
 - (i) Standard workweek shall consist of four (4) workdays, including holiday weeks except that the ASR 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 consist of five (5) workdays and two (2) days off. The existing work week covering RSRs will remain the same unless the parties agree otherwise

- 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 Representative, Alternate Sales Representative, 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. All employees who are on the payroll at the time of implementation shall maintain the right to bid with full seniority on any available positions vacated or created in the above classifications.

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 unless at the time such employee exercises his/her bid there are no commission positions available.

c. After implementation, as Field Sales Representative, Alternate Sales Representative, 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 Representative, Alternate Sales Representative, 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 Representative, Alternate Sales Representative, 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 or \$600.00 for each year of service up to twenty-five (25) years, whichever is larger, 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. 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.

8. Notwithstanding anything else in this Appendix B, nothing in this Modification Agreement will be construed to permit the Company to merchandise branded product by any means other than a Route -Sales Representative or other employee paid on a base-plus-commission basis; furthermore, by way of example and without limitation, the Company shall not deliver branded product by a drop-and-go method except for i) small customers less than \$100.00 per week unless the parties mutually agreed to a higher amount, ii) customers such as vend, food service, schools, restaurants and institutional. The intent of this paragraph is to ensure that the company will not permit the merchandising of product to be done by the customer store, contractor or other non-bargaining unit employee of IBC. The current practice of pull up work shall remain in effect as currently exist in the market area today.

9. If the delivery and sales functions for branded product are separated, both shall be performed by a Teamster represented employee, and the merchandising function shall be paid on a base plus commission basis.

APPENDIX B 1 – WAGE ADJUSTMENTS

The National Referendum Agreement shall be called IBC/IBT Modification Agreement and it shall include the following terms:

- a. Effective the first Sunday after exit from bankruptcy for the life of the IBC/IBT Modification Agreement, the weekly Base Pay for all RSRs will be reduced by \$110.00. Upon any fiscal year the EBITDA exceeds 150 million dollars the weekly Base Pay reduction of \$110 will be reduced to \$90; upon any fiscal year the EBITDA exceeds 200 million dollars the weekly Base Pay reduction will be reduced to \$45.00; and upon the EBITDA exceeding 300 million dollars the weekly Base Pay reduction will be eliminated.
- b. Effective the first Sunday after exit from bankruptcy for the life of the IBC/IBT Modification Agreement, the gross weekly pay of all hourly employees will be reduced by \$10.00. Upon any fiscal year the EBITDA exceeds 150 million dollars the \$10.00 reduction will be reduced to \$8.00; upon any fiscal year the EBITDA exceeds 200 million dollars the weekly reduction will be \$5.00; and upon the EBITDA exceeding 300 million dollars the weekly pay reduction will be eliminated.
- c. The IBC/IBT Modification Agreement shall include 2.5% wage increases per year rounded to the next highest nickel for all hourly employees and all commission employees shall receive a 2% base pay increase (based upon the employee's Base Pay without the reductions stated in Appendix B1a above) rounded to the next highest dollar per year to cover the period of the MASTER EXTENSION AGREEMENT. Long-Term Extension Agreements that expire within a MASTER EXTENSION AGREEMENT year shall have their first increase prorated.
- d. Upon the Company implementing in whole or part the method of delivery in Appendix B, other than Appendix B-1b, all employees within that affected area shall have their Base Pay reduction as per Appendix B1a above and gross weekly pay reduction for hourly employees as per Appendix B1b above eliminated and shall be credited with the amount of any increases made pursuant to Appendix B1c above.
- e. Upon the Company implementing the method of delivery in Appendix B-1b only, all employees affected within the distribution center/depot shall have their weekly base pay reduction reduced by \$10. All employees affected shall receive not less than a six-month commission guarantee on any business transferred to the drop-and-go.

**APPENDIX C – HEALTH AND WELFARE and PENSION
MODIFICATIONS**

A. Employees covered under a Company-administered health and welfare plan¹

Effective the first Sunday after exit from bankruptcy, 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 \$65
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 the 61st day following exit from bankruptcy.

¹ 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

7. Effective the first Sunday after exiting from bankruptcy all employees covered by the Company Plan shall pay an additional \$10 per week, in addition to plan design changes and the amount currently being contributed, toward their Health Plan coverage, which amount will increase by \$2.00 per week each year thereafter on the anniversary of the date of emergence from bankruptcy for the life of the Agreement.

8. If any Teamsters health and welfare plan can offer a plan of benefits equal to or better than the Company plan with guaranteed rates for the life of the Extension Agreement and such rates save the Company additional savings, the Company agrees, upon request, to meet and discuss with the IBT and consider transferring such employees to that plan.

B. Employees covered under a Taft-Hartley or other non-company administered health and welfare plans.¹

1. Effective the first Sunday after exiting from bankruptcy, employees will contribute an additional \$30.00 per week via payroll deduction (on a pre-tax basis), which amount will increase by \$2.00 per week each year thereafter on the anniversary of the date of emergence from bankruptcy for the life of the Agreement. Employees already paying a contribution to a Taft-Hartley health and welfare plan shall have a maximum contribution of \$45 per week in the first year; the weekly amount shall increase by \$2.00 each year thereafter as set forth above.

2. Maintenance of benefits for the period of the Master Extension Agreement shall not exceed 9 ½% per year. Unused increases may be moved forward.

3. Taft-Hartley Plans that are able to reduce their contribution rate during the applicable Long-Term Agreements may reduce the \$30.00 contribution by reducing the like amount from their then-existing contribution rate.

C. Pension Adjustments.

If, at the expiration of any Long-Term Extension Agreement, an increase in contributions to a pension plan is required under the PPA '06 for the employees covered by such Long-Term Extension Agreement, IBC agrees to make the level of contributions required to comply with the PPA '06 and proposed by the applicable Plan Trustees, but not to exceed a maximum increase of 10% per year. Any annual contribution increase required to be paid by IBC pursuant to this Modification Agreement to comply with PPA '06 and proposed by the applicable Plan Trustees will be offset by the sum(s) in the order as follows, but to the extent needed: (i) first, by reducing or eliminating the annual

base pay increases for drivers and a like amount of the annual wage rate increases for hourly paid employees as set forth in Appendix B1 of the Modification Agreement, (ii) second, by reducing the increase in Health and Welfare Plan contributions from 9.5% to 7.5% as provided in Paragraph B2 of Appendix C of the Modification Agreement, and (iii) third, by reducing or eliminating any profit sharing as described in Appendix D of the Modification Agreement (but with respect to item (iii) only to the extent required for contribution increases between eight percent (8%) and ten percent (10%)).

Any contribution increases in excess of 10% in any year will be the responsibility of the employees and paid for by reductions in wages, commissions, vacation or other fringe benefits.

To the extent that the applicable Plan Trustees propose alternative contribution schedules to comply with PPA '06, the appropriate IBT Local Union shall have the right to select any of the proposed contribution schedules, provided that any schedule selected does not increase the obligations of IBC as set forth above.

D. New Contributing Employer

It is understood and agreed that IBC is emerging from bankruptcy pursuant to a chapter 11 plan (the "Plan") and that upon the effective date of the Plan (the "Plan Effective Date") IBC will assume all existing agreements, as modified by agreements of the parties (including the IBT Modification Agreements and the Appendices A, B, B1, C and D), and will be a contributing employer to all multiemployer pension plans required in the existing agreements at the contribution rates set forth in the existing agreements. Notwithstanding the foregoing, it is understood and agreed that upon emergence from bankruptcy IBC will not assume any withdrawal liability or prior contribution history under any multiemployer pension plan to the extent that such withdrawal liability or prior contribution history relates to the period prior to the Plan Effective Date.
[Subject to change if a 363 sale is effected]

APPENDIX D

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 IBT-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 electives 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 IBT Local Unions did not become effective because it was not ratified by all of the IBT 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 constitutes 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.

LETTER OF AGREEMENT BETWEEN IBC
AND THE
IBC-IBT NATIONAL NEGOTIATING COMMITTEE
RE TEAMSTERS EQUITY SHARING PLAN

The parties reserve the right to correct inadvertent errors and omissions.

The following sets forth the full understanding of the parties with respect to the Teamsters Equity Sharing Plan:

The Teamsters agreed to receive for the benefit of eligible employees SARs equivalent to 7.00% of the equity of the Company at a strike price of \$10.00 per share, subject to dilution at closing only by (i) out of the money warrants granted to Ripplewood at the Effective Date; (ii) out of the money warrants granted to the senior secured lenders at the Effective Date; and (iii) additional SARs which are out of the money being granted to the unions at the Effective Date (to reduce the effect of dilution by the out of the money Ripplewood and senior secured lender warrants) all at a strike price of \$12.50 per share. The Teamster's share of the union out of the money SARs referred to in the preceding sentence is equivalent to 2.498% of the fully diluted equity of the Company at closing, which results in the ownership by Teamster-represented eligible employees of the equivalent of 8.108% of the fully diluted equity of the Company at closing in the aggregate to the extent the equity value per share exceeds \$12.50. The structure and documentation of the SARs will be reasonably acceptable to the Teamsters and Ripplewood.

FOR THE IBC-IBT NATIONAL
NEGOTIATING COMMITTEE

FOR INTERSTATE BRANDS
CORPORATION

Richard Volpe
Co-Chair

LETTER OF AGREEMENT BETWEEN IBC AND THE IBC-IBT NATIONAL NEGOTIATING COMMITTEE RE: TRANSPORT OUTSOURCING AGREEMENT

The parties reserve the right to correct inadvertent errors and omissions.

The following sets forth the understanding of the parties with respect to the company's right to outsource over-the-road transport:

The IBC-IBT National Negotiating Committee agrees that Transervice is acceptable to the IBC-IBT National Negotiating Committee, and the IBC-IBT National Negotiating Committee and the company agree that the Transervice Agreement (if, when completed, it complies with the terms of the long term extension agreements, the side agreement dated Sept 5, 2006, and the modification agreement) will serve as the model for future over-the-road transport agreements between the parties.

FOR THE IBC-IBT NATIONAL
NEGOTIATING COMMITTEE

FOR INTERSTATE BRANDS
CORPORATION

Richard Volpe, Co-Chair

Dated:

Dated:

**LETTER OF AGREEMENT BETWEEN IBC
AND THE
IBC-IBT NATIONAL NEGOTIATING COMMITTEE
RE: OVERTIME SOUTHERN CALIFORNIA**

The parties reserve the right to correct inadvertent errors and omissions.

The following sets forth the full understanding of the parties with respect to the RSR Teamsters in Southern California:

IBC agrees that overtime* shall be based on the unreduced base pay for the entire IBT Modification Agreement

**FOR THE IBC-IBT NATIONAL
NEGOTIATING COMMITTEE**

**FOR INTERSTATE BRANDS
CORPORATION**

Richard Volpe, Co-Chair

Date:

Date:

***IBC agrees that the side agreement signed 2-7-2006 by Mike Stewart for IBC and Hector Fernandez for Locals 63, 166, 186, 381, 542, 572, 683, 952, and 986-C, affiliated with the IBT concerning satisfaction of the California overtime exemption afforded to qualifying collective bargaining agreements which is based on the minimum guarantee,**

shall continue to be calculated on that same minimum guarantee and not on the reduced base pay agreed to in the modification agreement.