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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**Date of Report (Date of Earliest Event Reported): July 5, 2016**

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**GORES HOLDINGS, INC.**

(Exact Name of Registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-37540**  
(Commission  
File Number)

**47-4168492**  
(IRS Employer  
Identification No.)

**9800 Wilshire Blvd.**  
**Beverly Hills, CA 90212**  
(Address of principal executive offices)

**Registrant's telephone number, including area code: (310) 209-3010**

**Not Applicable**  
(Registrant's name or former address, if change since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 1.01 Entry into a Material Definitive Agreement.

On July 5, 2016, Gores Holdings, Inc. (the "Company") entered into a Master Transaction Agreement (the "Master Transaction Agreement"), by and among the Company, Homer Merger Sub, Inc. ("Company Merger Sub"), AP Hostess Holdings, L.P. ("AP Hostess LP"), Hostess CDM Co-Invest, LLC ("Hostess CDM Co-Invest"), CDM Hostess Class C, LLC ("CDM Hostess" and, together with AP Hostess LP and Hostess CDM Co-Invest, the "Sellers"), and AP Hostess LP, in its capacity as the sellers' representative, which provides for, among other things, (i) the merger of Company Merger Sub with and into AP Hostess Holdings, Inc., a Delaware corporation ("AP Hostess Holdings"), with AP Hostess Holdings continuing as the surviving entity (the "Subsidiary Merger"), (ii) immediately thereafter, the merger of AP Hostess Holdings with and into the Company, with the Company continuing as the surviving entity (the "Company Merger" and, together with the Subsidiary Merger, the "Mergers") and (iii) the purchase by the Company of limited partnership interests of Hostess Holdings, L.P. ("Hostess Holdings") (the "Purchase"). The transactions set forth in the Master Transaction Agreement, including the Mergers and the Purchase, will result in a "Business Combination" involving the Company, pursuant to the Company's Amended & Restated Articles of Incorporation (the "Charter").

The Master Transaction Agreement and the transactions contemplated thereby were unanimously approved by the Board of Directors of the Company (the "Board") on July 4, 2016.

### *The Master Transaction Agreement*

#### *Transaction Consideration*

As a result of the Mergers and the Purchase, the Sellers will receive cash and shares of common stock of the Company (with AP Hostess LP receiving shares of Class A common stock and CDM Hostess and Hostess CDM Co-Invest receiving shares of Class B common stock), as calculated pursuant to the terms of the Master Transaction Agreement. In order to facilitate the Business Combination, Gores Sponsor LLC ("Gores Sponsor") has agreed to the cancellation of a portion of the shares of Class F common stock of the Company issued to it pursuant to that certain Securities Subscription Agreement, dated June 12, 2015, between Gores Sponsor and the Company (the "Founder Shares") and the acquisition of shares of Class A common stock and Class B common stock by the Sellers (pursuant to the Master Transaction Agreement) and the participants in the Private Placement (as defined below) (pursuant to the subscription agreements entered into in connection therewith) at a discount. The remaining Founder Shares will automatically be converted into shares of Class A common stock at the closing of the transactions contemplated by the Master Transaction Agreement and will continue to be subject to the transfer restrictions applicable to the Founder Shares.

Pursuant to the Master Transaction Agreement, the aggregate consideration to be paid to the Sellers will consist of (i) an amount in cash equal to the amount of the Closing Cash Payment Amount (as defined in the Master Transaction Agreement), (ii) a number of shares of newly-issued Company Class A common stock and Class B common stock equal to the Closing Number of Securities (as defined in the Master Transaction Agreement) and (iii) approximately 5.4 million shares of Class B common stock of the Company issued to Hostess CDM Co-Invest as part of a partial rollover of its existing equity investment. Based upon assumed net indebtedness of approximately \$990 million (after giving effect to the partial repayment of existing indebtedness), the purchase price to be paid by the Company is expected to be approximately \$2.3 billion.

In addition to the consideration to be paid at the closing of the transactions contemplated by the Master Transaction Agreement, the Sellers will be entitled to receive an additional earn-out payment from the Company of up to 5.5 million shares of Company Class A common stock and Class B common stock (and an equivalent number of Class B units of Hostess Holdings), subject to the achievement of a specified adjusted EBITDA level for each of fiscal years 2016 and 2017.

Effective as of the closing of the transactions contemplated by the Master Transaction Agreement, the Company and C. Dean Metropoulos will be parties to an employment agreement, pursuant to which Mr. Metropoulos will serve as Executive Chairman of the Board. Mr. Metropoulos will receive approximately 2.5

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million shares of Class A common stock under the employment agreement. In addition, Mr. Metropoulos will be entitled to receive an additional earn-out payment from the Company of up to 2.75 million shares (which may be paid in either Class A common stock or Class B common stock and an equivalent number of Class B units of Hostess Holdings), subject to the achievement of a specified adjusted EBITDA level for fiscal year 2018.

#### *Representations, Warranties and Covenants*

The parties to the Master Transaction Agreement have made representations, warranties and covenants that are customary for transactions of this nature. The representations and warranties of the respective parties to the Master Transaction Agreement will survive the closing of the Business Combination for the times specified in the Master Transaction Agreement.

#### *Conditions to Consummation of the Business Combination*

Consummation of the transactions contemplated by the Master Transaction Agreement is subject to customary closing conditions, including approval by the Company's stockholders and expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. In addition, the Company's obligation to consummate the transactions is subject to the availability of at least \$537.5 million from the Company's trust account, the Private Placement and the value of the rollover of Hostess CDM Co-Invest's existing equity in the Company. The Sellers' obligation to consummate the transactions is subject to the availability of at least \$600 million in cash from the Company's trust account, the Private Placement and the value of the rollover of Hostess CDM Co-Invest's existing equity in the Company.

#### *Termination*

The Master Transaction Agreement may be terminated at any time prior to the consummation of the Business Combination (whether before or after the required Company stockholder vote has been obtained) by mutual written consent of the Company and the Sellers and in certain other circumstances, including if the Business Combination has not been consummated by November 30, 2016 and the delay in closing beyond such date is not due to the breach of the Master Transaction Agreement by the party seeking to terminate.

The foregoing description of the Master Transaction Agreement and the Business Combination does not purport to be complete and is qualified in its entirety by the terms and conditions of the Master Transaction Agreement, a copy of which is attached hereto as Exhibit 2.1 and is incorporated herein by reference. The Master Transaction Agreement contains representations, warranties and covenants that the respective parties made to each other as of the date of such agreement or other specific dates. The assertions embodied in those representations, warranties and covenants were made for purposes of the contract among the respective parties and are subject to important qualifications and limitations agreed to by the parties in connection with negotiating such agreement. The Master Transaction Agreement has been attached to provide investors with information regarding its terms. It is not intended to provide any other factual information about the Company or any other party to the Master Transaction Agreement. In particular, the representations, warranties, covenants and agreements contained in the Master Transaction Agreement, which were made only for purposes of such agreement and as of specific dates, were solely for the benefit of the parties to the Master Transaction Agreement, may be subject to limitations agreed upon by the contracting parties (including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Master Transaction Agreement instead of establishing these matters as facts) and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors and security holders. Investors and security holders are not third-party beneficiaries under the Master Transaction Agreement and should not rely on the representations, warranties, covenants and agreements, or any descriptions thereof, as characterizations of the actual state of facts or condition of any party to the Master Transaction Agreement. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Master Transaction Agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures.

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### ***Private Placement Subscription Agreements***

On July 5, 2016, the Company entered into subscription agreements with certain investors, including Gores Sponsor, pursuant to which the investors have agreed to purchase in the aggregate approximately 32.7 million shares of Class A common stock on a private placement basis for approximately \$9.18 per share (the "Private Placement"). The proceeds from the Private Placement will be used to partially fund the cash consideration to be paid to the Sellers at the closing of the transactions contemplated by the Master Transaction Agreement, including the Business Combination.

Each subscription agreement will terminate with no further force and effect upon the earlier to occur of (i) such date and time as the Master Transaction Agreement is terminated in accordance with its terms, (ii) upon the mutual written agreement of the parties to such subscription agreement or (iii) if any of the conditions to closing set forth in such subscription agreement are not satisfied on or prior to the closing and, as a result thereof, the transactions contemplated by such subscription agreement are not consummated at the closing. As of the date hereof, the shares of Class A common stock to be issued in connection with the subscription agreements have not been registered under the Securities Act. The Company will, within 30 days after the consummation of the Business Combination, file with the Securities and Exchange Commission ("SEC") a registration statement registering the resale of such shares of Class A common stock and will use its commercially reasonable efforts to have such registration statement declared effective as soon as practicable after the filing thereof. Copies of the subscription agreements are filed as Exhibits 10.1, 10.2 and 10.3 hereto, and are incorporated herein by reference, and the foregoing description of the subscription is qualified in its entirety by reference thereto. Gores Sponsor may transfer or assign a portion of its commitments under its subscription agreement, in accordance with the terms of the subscription agreement filed as Exhibit 10.2 hereto.

### ***Tax Receivable Agreement***

At the closing of the transactions contemplated by the Master Transaction Agreement, the Company will enter into the Tax Receivable Agreement, a form of which is attached as Exhibit 10.4 hereto and as an exhibit to the Master Transaction Agreement (the "Tax Receivable Agreement"), with the Sellers and C. Dean Metropoulos. The Tax Receivable Agreement will generally provide for the payment by the Company to the Sellers of 85% of the net cash savings, if any, in U.S. federal, state and local income tax that the Company actually realizes (or is deemed to realize in certain circumstances) in periods after the closing of the Business Combination as a result of: (i) certain increases in tax basis resulting from the Business Combination; (ii) certain tax attributes of Hostess Holdings and its subsidiaries existing prior to the Business Combination; (iii) certain increases in tax basis resulting from exchanges of Class B units of Hostess Holdings; (iv) imputed interest deemed to be paid by the Company as a result of payments it makes under the Tax Receivable Agreement; and (v) certain increases in tax basis resulting from payments the Company makes under the Tax Receivable Agreement. The Company will retain the benefit of the remaining 15% of these cash savings. Certain payments under the Tax Receivable Agreement will be made to the Sellers in accordance with specified percentages, regardless of the source of the applicable tax attribute.

### **Item 3.02 Unregistered Sales of Equity Securities.**

The disclosure set forth above in Item 1.01 of this Current Report on Form 8-K (this "Current Report") is incorporated by reference herein. The shares of Class A common stock and Class B common stock to be issued in connection with the Master Transaction Agreement and the transactions contemplated thereby, including the Business Combination, and the Private Placement will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

### **Item 7.01 Regulation FD Disclosure.**

On July 5, 2016, the Company issued a press release announcing the execution of the Master Transaction Agreement. The press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

Attached as Exhibit 99.2 and incorporated by reference herein is the investor presentation dated July 5, 2016, that will be used by the Company with respect to the Business Combination.

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The information in this Item 7.01, including Exhibit 99.1 and Exhibit 99.2, is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liabilities under that section, and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act or the Exchange Act, regardless of any general incorporation language in such filings. This Current Report will not be deemed an admission as to the materiality of any information of the information in this Item 7.01, including Exhibit 99.1 and Exhibit 99.2.

#### ***Additional Information about the Business Combination and Where to Find It***

In connection with the proposed Business Combination, the Company intends to file a proxy statement with the SEC. The definitive proxy statement and other relevant documents will be sent or given to the stockholders of the Company and will contain important information about the proposed Business Combination and related matters. **Company stockholders and other interested persons are advised to read, when available, the proxy statement in connection with the Company’s solicitation of proxies for the meeting of stockholders to be held to approve the proposed Business Combination because the proxy statement will contain important information about the proposed Business Combination. When available, the definitive proxy statement will be mailed to Company stockholders as of a record date to be established for voting on the proposed transaction. Stockholders will also be able to obtain copies of the proxy statement, without charge, once available, at the SEC’s website at [www.sec.gov](http://www.sec.gov) or by directing a request to: Gores Holdings, Inc., 9800 Wilshire Blvd., Beverly Hills, California 90212, email: [jzhou@gores.com](mailto:jzhou@gores.com), Attn: Jennifer Kwon Chou.**

#### ***Participants in Solicitation***

The Company and its directors and officers may be deemed participants in the solicitation of proxies of Company stockholders in connection with the proposed Business Combination. **Company stockholders and other interested persons may obtain, without charge, more detailed information regarding the directors and officers of the Company in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which was filed with the SEC on March 16, 2016. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to Company stockholders in connection with the proposed Business Combination will be set forth in the proxy statement for the proposed Business Combination when available.** Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed Business Combination will be included in the proxy statement that the Company intends to file with the SEC.

#### ***Forward Looking Statements***

This Current Report includes “forward looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “forecast,” “intend,” “seek,” “target,” “anticipate,” “believe,” “expect,” “estimate,” “plan,” “outlook,” and “project” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such forward looking statements include projected financial information. Such forward looking statements with respect to revenues, earnings, performance, strategies, prospects and other aspects of the businesses of the Company, Hostess Holdings or the combined company after completion of the Business Combination are based on current expectations that are subject to risks and uncertainties. A number of factors could cause actual results or outcomes to differ materially from those indicated by such forward looking statements. These factors include, but are not limited to: (i) the occurrence of any event, change or other circumstances that could give rise to the termination of the Master Transaction Agreement and the proposed business combination contemplated thereby; (ii) the inability to complete the transactions contemplated by the Master Transaction Agreement due to the failure to obtain approval of the stockholders of the Company or other conditions to closing in the Master Transaction Agreement; (iii) the ability to meet NASDAQ’s listing standards following the consummation of the transactions contemplated by the Master Transaction Agreement; (iv) the risk that the proposed transaction disrupts current plans and operations of Hostess as a result of the announcement and consummation of the transactions described herein; (v) the ability to recognize the anticipated benefits of the proposed Business Combination, which may be affected by, among other things, competition, the ability of the combined company to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its management and key employees; (vi) costs related to the proposed Business Combination; (vii) changes in

applicable laws or regulations; (viii) the possibility that Hostess may be adversely affected by other economic, business, and/or competitive factors; and (ix) other risks and uncertainties indicated from time to time in the final prospectus of the Company, including those under "Risk Factors" therein, and other documents filed or to be filed with the SEC by the Company. You are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. The Company and Hostess undertake no commitment to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

**Disclaimer**

This communication is for informational purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities pursuant to the proposed transactions or otherwise, nor shall there be any sale of securities in any jurisdiction in which the offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

<u>Exhibit No.</u>	<u>Exhibit</u>
2.1*	Master Transaction Agreement, dated as of July 5, 2016, by and among Gores Holdings, Inc., Homer Merger Sub, Inc., AP Hostess Holdings, L.P., Hostess CDM Co-Invest, LLC, CDM Hostess Class C, LLC, and AP Hostess Holdings, L.P., in its capacity as the Sellers' Representative.
10.1	Form of Subscription Agreement
10.2	Subscription Agreement, dated July 5, 2016 by and between Gores Holdings, Inc. and Gores Sponsor LLC
10.3	Subscription Agreement, dated July 5, 2016 by and between Gores Holdings, Inc. and Canyon Capital Advisors LLC
10.4	Form of Tax Receivable Agreement
99.1	Press Release issued by the Company on July 5, 2016.
99.2	Investor Presentation of the Company dated July 5, 2016.

\* The exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). The Company agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon its request.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Gores Holdings, Inc.

By: /s/ Andrew McBride

Name: Andrew McBride

Title: Chief Financial Officer and Secretary

Date: July 5, 2016

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**EXHIBIT INDEX**

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**MASTER TRANSACTION AGREEMENT**

**by and among**

**GORES HOLDINGS, INC.,**

**and**

**HOMER MERGER SUB, INC.,**

**and**

**AP HOSTESS HOLDINGS, L.P.,**

**and**

**HOSTESS CDM CO-INVEST, LLC,**

**and**

**CDM HOSTESS CLASS C, LLC,**

**and**

**AP HOSTESS HOLDINGS, L.P., IN ITS CAPACITY AS THE SELLERS'  
REPRESENTATIVE HEREUNDER,**

**Dated as of July 5, 2016**

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## APPENDICES, EXHIBITS AND SCHEDULES

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Exhibit D	Form of Buyer A&R Bylaws
Exhibit E	Form of AP Hostess Holdings Merger Agreement
Exhibit F	Form of Contribution and Purchase Agreement
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Exhibit H	Form of Tax Receivable Agreement
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Schedule A	List of Sellers and Hostess Securities
Schedule B	Pro-Rata Share and Management LLC Cash Employee Payments
Schedule C	Example of Closing Working Capital Calculation
Schedule D	Example of Hostess EBITDA Calculation
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This **MASTER TRANSACTION AGREEMENT**, dated as of July 5, 2016 (this “**Agreement**”), by and among Gores Holdings, Inc., a Delaware corporation (the “**Buyer**”), Homer Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Buyer (“**Merger Sub**”), AP Hostess Holdings, L.P., a Delaware limited partnership (“**AP Hostess LP**”), Hostess CDM Co-Invest, LLC, a Delaware limited liability company (“**Hostess CDM Co-Invest**”), CDM Hostess Class C, LLC, a Delaware limited liability company (“**CDM Hostess**”), and together with AP Hostess LP and Hostess CDM Co-Invest, each a “**Seller**” and, collectively, the “**Sellers**”), and AP Hostess LP, in its capacity as the Sellers’ Representative hereunder (in such capacity, the “**Sellers’ Representative**”).

#### RECITALS

**WHEREAS**, AP Hostess LP owns all of the common stock, par value \$0.01 per share (the “**AP Hostess Holdings Common Stock**”), of AP Hostess Holdings, Inc., a Delaware corporation (“**AP Hostess Holdings**”);

**WHEREAS**, AP Hostess Holdings owns all of the Class A membership interests in Hostess Holdings GP, LLC, a Delaware limited liability company (“**Hostess GP**”);

**WHEREAS**, Hostess CDM Co-Invest owns all of the Class C membership interests in Hostess GP (the “**Class C GP Interests**”);

**WHEREAS**, Hostess GP is the general partner of Hostess Holdings, L.P., a Delaware limited partnership (“**Hostess Holdings**”), and owns all of the general partner partnership interests in Hostess Holdings;

**WHEREAS**, (a) AP Hostess Holdings owns all of the Class A limited partnership interests in Hostess Holdings and (b) Hostess CDM Co-Invest owns all of the Class C limited partnership interests (the “**Class C LP Interests**”) in Hostess Holdings;

**WHEREAS**, (a) Hostess Holdings owns all of the issued and outstanding (i) Class A Units, (ii) Class A-1 Units and (iii) Class A-2 Units in Hostess Management, LLC, a Delaware limited liability company (“**Management LLC**”), (b) the Management LLC Employees own all of the issued and outstanding (i) Class B Units, (ii) Class B-1 Units and (iii) Class B-2 Units in Management LLC and (c) CDM Hostess owns all of the Class C Units in Management LLC (collectively the “**Management LLC Units**”);

**WHEREAS**, Hostess Holdings and Management LLC collectively own all of the membership interests in New Hostess Holdco, LLC, a Delaware limited liability company (“**New Hostess Holdco**”);

**WHEREAS**, New Hostess Holdco owns all of the membership interests of Hostess Holdco, LLC, a Delaware limited liability company (“**Hostess Holdco**”);

**WHEREAS**, immediately prior to the Closing, AP Hostess LP and Hostess CDM Co-Invest shall cause Hostess Holdings to enter into, and to cause Management LLC to enter into, an agreement and plan of merger (the “**Management LLC Merger Agreement**”) in the form attached hereto as Exhibit A (and consummate the transactions contemplated thereby), pursuant to which Management LLC will merge with and into Hostess Holdings, and Hostess



Holdings will be the surviving entity (the “**Management LLC Merger**”), and as a result of the Management LLC Merger, (a) the Management LLC Units will be cancelled and extinguished, (b) CDM Hostess will receive, in the aggregate, (i) the right to receive certain amounts of cash and (ii) the right to receive Class B LP Units and (c) the Management LLC Employees will receive, or receive the right to receive, certain amounts of cash, in each case as set forth in the Management LLC Merger Agreement;

**WHEREAS**, simultaneously with the consummation of the Management LLC Merger, the Sellers shall cause Hostess Holdings to adopt the Fourth Amended and Restated Limited Partnership Agreement (the “**Hostess Holdings A&R LPA**”) in the form attached hereto as Exhibit B, pursuant to which, among other things, Hostess Holdings will (a) admit CDM Hostess and the Buyer as limited partners, (b) revise the capitalization of Hostess Holdings to provide for Class A limited partnership units (“**Class A LP Units**”) and Class B limited partnership units (“**Class B LP Units**” and, together with the Class A LP Units, the “**LP Units**”), (c) convert the Class A limited partnership interests held by AP Hostess Holdings into Class A LP Units and (d) convert the Class C limited partnership interests held by Hostess CDM Co-Invest into Class B LP Units;

**WHEREAS**, prior to the Closing, the Buyer shall (a), subject to obtaining the Buyer Stockholder Approval, adopt the Second Amended and Restated Certificate of Incorporation (the “**Buyer A&R Charter**”) in the form attached hereto as Exhibit C, to provide for, among other things, the authorization of additional shares of Buyer Class A Common Stock and the Buyer Class B Common Stock and (b) amend and restate the existing bylaws of the Buyer (the “**Buyer A&R Bylaws**”) in the form attached hereto as Exhibit D;

**WHEREAS**, prior to the Closing, the Buyer shall contribute the amount in cash to be paid to AP Hostess LP pursuant to Section 2.4(b) and the number of shares of Buyer Class A Common Stock to be issued to AP Hostess LP pursuant to Section 2.4(b) (collectively, the “**AP Hostess Holdings Merger Consideration**”) in exchange for all of the Equity Interests in Merger Sub;

**WHEREAS**, immediately following the adoption of the Hostess Holdings A&R LPA, AP Hostess LP shall cause AP Hostess Holdings to, and the Buyer and Merger Sub shall, enter into an agreement and plan of merger (the “**AP Hostess Holdings Merger Agreement**”) in the form attached hereto as Exhibit E (and consummate the transactions contemplated thereby) pursuant to which (a) Merger Sub will merge with and into AP Hostess Holdings, and AP Hostess Holdings will be the surviving entity (the “**Stage One Merger**”), and as a result of the Stage One Merger, (i) AP Hostess LP will cease to own any AP Hostess Holdings Common Stock, (ii) AP Hostess LP will receive the right to receive the AP Hostess Holdings Merger Consideration and (iii) AP Hostess Holdings will become a wholly owned Subsidiary of the Buyer, and (b) immediately following the Stage One Merger, AP Hostess Holdings will merge with and into the Buyer, and the Buyer will be the surviving entity (the “**Stage Two Merger**” and, together with the Stage One Merger, the “**AP Hostess Holdings Merger**”);

**WHEREAS**, it is intended that the Stage One Merger and the Stage Two Merger, taken together, shall constitute a tax-free reorganization under Section 368(a)(1)(A) of the Code;

**WHEREAS**, immediately following the adoption of the Hostess A&R LPA, Hostess CDM Co-Invest, CDM Hostess and the Buyer shall enter into a Contribution and Purchase Agreement (the “**Contribution and Purchase Agreement**”) in the form attached hereto as Exhibit F, pursuant to which (a) the Buyer will purchase a portion of the Class B LP Units owned by Hostess CDM Co-Invest in exchange for the amount of cash to be paid to Hostess CDM Co-Invest pursuant to Section 2.4(b), (b) the Buyer will purchase a portion of the Class B LP Units issued to CDM Hostess pursuant to the Management LLC Merger Agreement in exchange for the amount of cash to be paid to CDM Hostess pursuant to Section 2.4(b) and (c) Hostess CDM Co-Invest will (i) contribute all of the Class C GP Interests to the Buyer in exchange for the shares of Buyer Class B Common Stock issuable pursuant to Section 2.4(b)(v) and Section 2.4(b)(vi) and (ii) direct the Buyer to issue and deliver to CDM Hostess the shares of Buyer Class B Common Stock set forth in Section 2.4(b)(vi) (the “**Contribution and Purchase**”);

**WHEREAS**, after giving effect to the AP Hostess Holdings Merger and the Contribution and Purchase, the Buyer will own 100% of the Equity Securities of Hostess GP;

**WHEREAS**, simultaneously with the Contribution and Purchase, in consideration of the consummation of the Management LLC Merger and the Contribution and Purchase, the Buyer, CDM Hostess and Hostess CDM Co-Invest shall, and the Sellers shall cause Hostess Holdings to, enter into an Exchange Agreement (the “**Exchange Agreement**”) in the form attached hereto as Exhibit G, pursuant to which CDM Hostess and Hostess CDM Co-Invest will be entitled to exchange their respective Class B LP Units in Hostess Holdings for, at the option of the Buyer, the number of shares of Buyer Class A Common Stock specified in the Exchange Agreement or the cash equivalent of such shares of Buyer Class A Common Stock, on the terms and conditions set forth therein; and

**WHEREAS**, simultaneous with the Contribution and Purchase, in consideration of the Transactions, AP Hostess LP, Hostess CDM Co-Invest, CDM Hostess and the Buyer will enter into (a) a Tax Receivable Agreement (the “**Tax Receivable Agreement**”), in the form attached hereto as Exhibit H, and (b) an Amended and Restated Registration Rights and Lock-Up Agreement (the “**Registration Rights Agreement**”) in the form attached hereto as Exhibit I.

**NOW THEREFORE**, in consideration of the foregoing premises and the respective representations and warranties, covenants and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.1. Definitions.** Capitalized terms used in this Agreement have the meanings ascribed to them by definition in this Agreement or in Appendix A hereto.

## ARTICLE II

### PURCHASE AND SALE

**Section 2.1. Purchase Price.** Upon the terms and subject to the conditions set forth in this Agreement and in the applicable Transaction Documents, in consideration of an aggregate purchase price (to be delivered in the form and manner described in Section 2.4) (the “**Purchase Price**”) equal to (a) \$2,198,410,000 (the “**Base Purchase Price**”), plus (b) the Closing Working Capital Adjustment Amount, plus (c) the Hostess Cash, minus (d) the Closing Rollover Indebtedness Amount, minus (e) the Hostess Transaction Costs, minus (f) the LTIP Payment Amount, plus (g) the Tax Receivable Amount, plus (h) the Earn Out Shares, minus, (i) the CDM Consideration Amount, minus (j) the Buyer Transaction Costs:

(i) AP Hostess LP and Hostess CDM Co-Invest shall directly and indirectly cause Hostess Holdings and Management LLC to enter into the Management LLC Merger Agreement and consummate the Management LLC Merger in accordance therewith;

(ii) immediately following the consummation of the Management LLC Merger, AP Hostess LP shall cause AP Hostess Holdings to, and the Buyer and Merger Sub shall, enter into the AP Hostess Holdings Merger Agreement and consummate the AP Hostess Holdings Merger in accordance therewith; and

(iii) immediately following the consummation of the AP Hostess Holdings Merger, Hostess CDM Co-Invest, CDM Hostess and the Buyer shall enter into the Contribution and Purchase Agreement and consummate the Contribution and Purchase in accordance therewith.

**Section 2.2. Closing.** The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall take place at 10:00 a.m., local time, at the offices of Hostess Brands on the third Business Day following the satisfaction or waiver of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at the Closing), or at such other time, date and place as may be mutually agreed upon in writing by the Parties (the date on which the Closing actually occurs being referred to as the “**Closing Date**”). The Closing will be deemed effective as of 12:01 a.m., Eastern time, on the Closing Date.

**Section 2.3. Buyer Financing Certificate.** Not more than two Business Days prior to the Closing, the Buyer shall deliver to the Sellers’ Representative written notice (the “**Buyer Financing Certificate**”) setting forth (a) the aggregate amount of cash proceeds that will be required to satisfy any exercise of the Buyer Stockholder Redemptions, and (b) the amount of Buyer Cash and Buyer Transaction Costs as of the Closing and (c) the number of shares of Buyer Class A Common Stock outstanding as of the Closing after giving effect to the Buyer Stockholder Redemptions and the issuance of shares of Buyer Class A Common Stock pursuant to the Subscription Agreements, but without giving effect to the issuance of shares of Buyer Class A Common Stock pursuant to Section 2.4(b)(iv).

**Section 2.4. Transactions to be Effected at the Closing.**

(a) At the Closing, the Buyer shall deposit with the Escrow Agent (i) an amount equal to \$2,000,000 (the “**Adjustment Escrow Amount**”) into a designated non-interest bearing account the (“**Adjustment Escrow Account**”), by wire transfer of immediately available funds in U.S. dollars, and (ii) the Specified Matter Escrow Shares into a designated non-interest bearing account (the “**Specified Matter Escrow Account**”); provided, that (A) the Specified Matter AP Hostess LP Escrow Shares shall be deemed delivered to the Escrow Agent on behalf of AP Hostess LP, (B) the Specified Matter Hostess CDM Co-Invest Escrow Shares shall be deemed delivered to the Escrow Agent on behalf of Hostess CDM Co-Invest and (C) the Specified Matter CDM Hostess Escrow Shares shall be deemed delivered to the Escrow Agent on behalf of CDM Hostess. Pursuant to an escrow agreement to be entered into on the Closing Date by and between the Buyer, the Sellers’ Representative and the Escrow Agent in form and substance reasonably acceptable to the Parties (the “**Escrow Agreement**”), the Buyer and the Sellers’ Representative will appoint the Escrow Agent to (I) hold the Adjustment Escrow Amount until the final determination of the Final Closing Consideration Amount and disburse the Adjustment Escrow Amount as provided herein and in the Escrow Agreement and (II) hold and release the Specified Matter Escrow Shares, in each case as provided herein and in the Escrow Agreement. The Specified Matter Escrow Shares shall be available to the Sellers to satisfy any amounts due from the Sellers for any indemnification claims in respect of the Specified Matter pursuant to Section 9.2(a)(viii).

(b) At the Closing, the Buyer or Merger Sub shall, as applicable:

(i) pay or cause to be paid (by wire transfer of immediately available funds in U.S. dollars to such account or accounts specified by the Sellers’ Representative) to AP Hostess LP, an amount equal to (A)(1) AP Hostess LP’s Pro-Rata Share, multiplied by (2) the Closing Cash Payment Amount, minus (B) 2.5% of the Management LLC Class B-1 and B-2 Cash Payment Amount, minus (C)(1) AP Hostess LP’s Pro-Rata Share, multiplied by (2) the Adjustment Escrow Amount, minus (D) the AP Hostess LP Tax Adjustment Amount, if any, as of the Closing, as set forth in the Allocation Schedule;

(ii) pay or cause to be paid (by wire transfer of immediately available funds in U.S. dollars to such account or accounts specified by the Sellers’ Representative) to Hostess CDM Co-Invest, an amount equal to (A)(1) Hostess CDM Co-Invest’s Pro-Rata Share, multiplied by (2) the Closing Cash Payment Amount, minus (B) 2.5% of the Management LLC Class B-1 and B-2 Cash Payment Amount, minus (C)(1) Hostess CDM Co-Invest’s Pro-Rata Share, multiplied by (2) the Adjustment Escrow Amount, minus (D) the CDM Rollover Amount, as set forth in the Allocation Schedule;

(iii) pay or cause to be paid (by wire transfer of immediately available funds in U.S. dollars to such account or accounts specified by the Sellers’ Representative) to CDM Hostess, an amount equal to (A)(1) CDM Hostess’ Pro-Rata Share, multiplied by (2) the Closing Cash Payment Amount, plus (B) 5.0% of the Management LLC Class B-1 and B-2 Cash Payment Amount, minus (C)(1) CDM Hostess’ Pro-Rata Share, multiplied by (2) the Adjustment Escrow Amount, as set forth in the Allocation Schedule;

(iv) deliver to AP Hostess LP certificates or, at AP Hostess LP's written request, evidence of shares in book-entry form, representing a number of shares of Buyer Class A Common Stock equal to (A)(1) AP Hostess LP's Pro-Rata Share multiplied by (2) the Closing Number of Securities, plus (B) the number of AP Hostess LP Tax Adjustment Shares, if any, as of the Closing, minus (C) the number of Specified Matter AP Hostess LP Escrow Shares, as set forth in the Allocation Schedule;

(v) deliver to Hostess CDM Co-Invest certificates or, at Hostess CDM Co-Invest's written request, evidence of shares in book-entry form, representing a number of shares of Buyer Class B Common Stock equal to (A)(1) Hostess CDM Co-Invest's Pro-Rata Share multiplied by (2) the Closing Number of Securities, plus (B) the number of CDM Rollover Shares, minus (C) the number of Specified Matter Hostess CDM Co-Invest Escrow Shares, as set forth in the Allocation Schedule;

(vi) deliver to CDM Hostess certificates or, at CDM Hostess' written request, evidence of shares in book-entry form, representing a number of shares of Buyer Class B Common Stock equal to (A)(1) CDM Hostess' Pro-Rata Share multiplied by (2) the Closing Number of Securities, minus (B) the number of Specified Matter CDM Hostess Co-Invest Escrow Shares, as set forth in the Allocation Schedule;

(vii) pay or cause to be paid the Estimated Hostess Transaction Costs to the applicable payees as set forth on the Estimated Adjustment Statement;

(viii) pay or cause to be paid to Hostess Brands the Estimated LTIP Payment Amount, which the Buyer will cause Hostess Brands to distribute to the holders of awards under the LTIP as promptly as possible following the Closing in accordance with the amounts set forth on the Estimated Adjustment Statement;

(ix) contribute to Hostess Holdings the Deleveraging Amount;

(x) deliver to the Sellers a copy of the Hostess Holdings A&R LPA, duly executed by the Buyer;

(xi) deliver to the Sellers a certified copy of the Buyer A&R Charter and the Buyer A&R Bylaws;

(xii) deliver to AP Hostess LP a certified copy of the certificate of incorporation of Merger Sub;

(xiii) deliver to AP Hostess LP a copy of the AP Hostess Holdings Merger Agreement, duly executed by the Buyer and by Merger Sub;

(xiv) deliver to Hostess CDM Co-Invest a copy of the Contribution and Purchase Agreement, duly executed by the Buyer;

(xv) deliver to the Sellers a copy of the Exchange Agreement, duly executed by the Buyer;

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(xvi) deliver to the Sellers a copy of the Tax Receivable Agreement, duly executed by the Buyer;

(xvii) deliver to the Sellers a copy of the Registration Rights Agreement, duly executed by the Buyer;

(xviii) deliver to the Sellers a copy of the Escrow Agreement, duly executed by the Buyer and the Escrow Agent; and

(xix) deliver to the Sellers all other documents, instruments or certificates required to be delivered by the Buyer at or prior to the Closing pursuant to Section 7.2.

(c) At the Closing, AP Hostess LP will deliver to the Buyer:

(i) a copy of the AP Hostess Holdings Merger Agreement, duly executed by AP Hostess Holdings;

(ii) a copy of the Tax Receivable Agreement, duly executed by AP Hostess LP;

(iii) a copy of the Registration Rights Agreement, duly executed by AP Hostess LP; and

(iv) all documents, instruments or certificates required to be delivered by AP Hostess LP or AP Hostess Holdings at or prior to the Closing pursuant to Section 7.1.

(d) At the Closing, Hostess CDM Co-Invest and CDM Hostess will deliver to the Buyer:

(i) a copy of the Hostess Holdings A&R LPA, duly executed by Hostess CDM Co-Invest and CDM Hostess;

(ii) a copy of the Contribution and Purchase Agreement, duly executed by Hostess CDM Co-Invest and CDM Hostess; and

(iii) a copy of the Exchange Agreement, duly executed by Hostess CDM Co-Invest and CDM Hostess;

(iv) a copy of the Tax Receivable Agreement, duly executed by CDM Hostess and Hostess CDM Co-Invest;

(v) a copy of the Registration Rights Agreement, duly executed by CDM Hostess and Hostess CDM Co-Invest; and

(vi) all documents, instruments or certificates required to be delivered by Hostess CDM Co-Invest or CDM Hostess at or prior to the Closing pursuant to Section 7.1.

- (e) At the Closing, AP Hostess LP and Hostess CDM Co-Invest will deliver to the Buyer:
- (i) a copy of the Management LLC Merger Agreement, duly executed by Hostess Holdings and Management LLC;
  - (ii) a copy of the Exchange Agreement, duly executed by Hostess Holdings; and
  - (iii) a copy of the Hostess Holdings A&R LPA, duly executed by Hostess Holdings and Hostess GP.
- (f) At the Closing, the Sellers' Representative will deliver to the Buyer:
- (i) a true and complete schedule reflecting (A) the Closing Cash Payment Amount, the Closing Number of Securities, the Deleveraging Amount, the AP Hostess LP Tax Adjustment Amount, (B) the amount of cash to be paid to each Cash Recipient pursuant to Section 2.4(b), (C) the number of shares of Buyer Class A Common Stock to be issued to AP Hostess LP pursuant to Section 2.4(b), (D) the number of shares of Buyer Class B Common Stock to be issued to CDM Hostess and Hostess CDM Co-Invest pursuant to clause Section 2.4(b), (E) the number of Specified Matter AP Hostess LP Escrow Shares, Specified Matter CDM Hostess Escrow Shares and Specified Matter Hostess CDM Co-Invest Escrow Shares, (F) the number of Class B LP Units to be purchased by the Buyer from Hostess CDM Co-Invest and CDM Hostess pursuant to the Contribution and Sale Agreement, and (G) the Allocation (the "**Allocation Schedule**"); and
  - (ii) a copy of the Escrow Agreement, duly executed by the Sellers' Representative.
- (g) The number of shares of Buyer Class A Common Stock and Buyer Class B Common Stock which each Seller is entitled to receive under this Section 2.4 shall be rounded up to the nearest whole number of shares.

**Section 2.5. Purchase Price Adjustment.**

( a ) Estimated Adjustment Statement. No later than five Business Days prior to the Closing Date, the Sellers' Representative, on behalf of the Sellers, shall deliver to the Buyer a statement (the "**Estimated Adjustment Statement**") setting forth the Sellers' good faith estimate of: (i) the Closing Working Capital (such estimate, the "**Estimated Closing Working Capital**"); (ii) the Closing Rollover Indebtedness Amount (the "**Estimated Rollover Indebtedness Amount**"); (iii) the Hostess Transaction Costs (the "**Estimated Hostess Transaction Costs**"); (iv) Hostess Cash (the "**Estimated Hostess Cash**"); and (v) the LTIP Payment Amount (the "**Estimated LTIP Payment Amount**") and the amount payable to each holder of any award outstanding under the LTIP, together with instructions that list the applicable bank accounts designated to facilitate payment by the Buyer of the Estimated Hostess Transaction Costs and all relevant supporting documentation used by the Sellers in calculating such amounts. The Estimated Closing Working Capital, the Estimated Rollover Indebtedness Amount, the Estimated Hostess Transaction Costs, the Estimated Hostess Cash and the

Estimated LTIP Payment Amount (as contained in the Estimated Adjustment Statement delivered by the Sellers' Representative to the Buyer) shall be binding on the Parties for the purposes of determining the Estimated Closing Consideration Amount.

(b) Adjustment Statement. Within 90 days after the Closing Date, the Buyer will prepare, or cause to be prepared, and deliver to the Sellers' Representative an unaudited statement (the "**Adjustment Statement**"), which shall set forth the Buyer's good faith calculation of each of the Closing Working Capital, the Hostess Transaction Costs, Hostess Cash, the Closing Rollover Indebtedness Amount and the LTIP Payment Amount. At the Buyer's request, the Sellers (i) shall reasonably cooperate with and assist, and shall cause their respective Representatives to reasonably cooperate with and assist, the Buyer and its Representatives in the preparation of the Adjustment Statement and (ii) shall provide the Buyer and its Representatives with any information reasonably requested by the Buyer that is necessary for the preparation of the Adjustment Statement. For illustrative purposes, an example of the elements of Closing Working Capital, as if the Closing Date were May 31, 2016, is attached as Schedule C hereto. Any amounts set forth in the Adjustment Statement that are equal to the corresponding amounts set forth in the Estimated Adjustment Statement shall be final and binding upon delivery of the Adjustment Statement.

(c) Adjustment Review Period and Notice of Objection. Upon receipt from the Buyer, the Sellers shall have 45 days to review the Adjustment Statement (the "**Adjustment Review Period**"). At the request of the Sellers' Representative, the Buyer (i) shall reasonably cooperate and assist, and shall cause its Subsidiaries, including the Hostess Entities, and each of their respective Representatives to reasonably cooperate and assist, the Sellers' Representative and its Representatives in the review of the Adjustment Statement (including by requesting their respective accountants to deliver to the Sellers' Representative and its Representatives copies of their work papers relating to the Hostess Entities) and (ii) shall provide the Seller' Representative and its Representatives with any information reasonably requested by the Sellers that is necessary for their review of the Adjustment Statement. If the Sellers disagree with the Buyer's computation of the Closing Working Capital, the Hostess Transaction Costs, Hostess Cash, the Closing Rollover Indebtedness Amount or the LTIP Payment Amount (each as set forth in the Adjustment Statement), the Sellers' Representative shall, on or prior to the last day of the Adjustment Review Period, deliver a written notice to the Buyer (the "**Adjustment Notice of Objection**") that sets forth the Sellers' objections to the Buyer's calculation of the Closing Working Capital, the Hostess Transaction Costs, Hostess Cash, the Closing Rollover Indebtedness Amount and the LTIP Payment Amount, as applicable. Any Adjustment Notice of Objection shall specify those items or amounts with which the Sellers disagree and shall set forth the Sellers' calculation of the Closing Working Capital, the Hostess Transaction Costs, Hostess Cash, the Closing Rollover Indebtedness Amount or the LTIP Payment Amount, as applicable, based on such objections (it being understood that the Sellers shall be deemed to have accepted the Buyer's calculation of any amounts set forth on the Adjustment Statement to which the Sellers' Representative does not object in the Adjustment Notice of Objection).

(d) Adjustment Dispute Resolution. If the Sellers' Representative does not deliver an Adjustment Notice of Objection to the Buyer with respect to an item contained in the Adjustment Statement within the Adjustment Review Period, the Sellers shall be deemed to have accepted the Buyer's calculation of the underlying item of the Closing Working Capital, the



Hostess Transaction Costs, Hostess Cash, the Closing Rollover Indebtedness Amount and the LTIP Payment Amount, as applicable, and such calculation shall be final, conclusive and binding. If the Sellers' Representative delivers an Adjustment Notice of Objection to the Buyer within the Adjustment Review Period, the Buyer and the Sellers shall, during the 30 days following such delivery or any mutually agreed extension thereof, use their good faith efforts to reach agreement on the disputed items and amounts in order to determine the amount of the disputed Closing Working Capital, the Hostess Transaction Costs, Hostess Cash, the Closing Rollover Indebtedness Amount or the LTIP Payment Amount, as applicable. If, at the end of such period or any mutually agreed extension thereof, the Buyer and the Sellers are unable to resolve their disagreements, they shall jointly retain and refer their disagreements to a nationally recognized independent accounting firm mutually acceptable to the Buyer and the Sellers or any individual who, in the reasonable determination of the Buyer and the Sellers, is qualified and capable to serve in the capacity for which such nationally recognized independent accounting firm would have served pursuant to this Section 2.5 (such firm or individual, the "**Independent Expert**"). The Parties shall instruct the Independent Expert promptly to review this Section 2.5, as well as the Adjustment Statement, Notice of Objection and any other materials reasonably requested by the Independent Expert, and to determine, solely with respect to the disputed items and amounts so submitted, whether and to what extent, if any, the Closing Working Capital, the Hostess Transaction Costs, Hostess Cash, the Closing Rollover Indebtedness Amount or the LTIP Payment Amount, as applicable, set forth in the Adjustment Statement requires adjustment pursuant to the terms of this Agreement. The Independent Expert shall base its determination solely on written submissions by the Buyer and the Sellers and not on an independent review. The Buyer and the Sellers shall make available to the Independent Expert all relevant books and records and other items reasonably requested by the Independent Expert. As promptly as practicable, but in no event later than 45 days after its retention, the Independent Expert shall deliver to the Buyer and the Sellers a report that sets forth its resolution of the disputed items and amounts and its calculation of the Closing Working Capital, the Hostess Transaction Costs, Hostess Cash or the Closing Rollover Indebtedness Amount, as applicable; provided, however, that the Independent Expert may not assign a value to any item greater than the greatest value for such item claimed by the Buyer, on one hand, and the Sellers, on the other hand, nor less than the smallest value for such item claimed by the Buyer, on one hand, and the Sellers, on the other hand. The decision of the Independent Expert shall be final, conclusive and binding on the Parties. The costs and expenses of the Independent Expert shall be allocated between the Buyer, on the one hand, and the Sellers, on the other hand, based upon the percentage that the portion of the aggregate contested amount not awarded to each Party bears to the aggregate amount actually contested by such Party, as determined by the Independent Expert. The Buyer and the Sellers agree to execute, if requested by the Independent Expert, a reasonable engagement letter, including customary indemnities in favor of the Independent Expert.

(e) Final Adjustment Amounts. For purposes of this Agreement, "**Final Closing Working Capital**", "**Final Hostess Transaction Costs**", "**Final Hostess Cash**", "**Final Rollover Indebtedness Amount**", and "**Final LTIP Payment Amount**" mean the amount of such items (i) as shown in the Adjustment Statement delivered by the Buyer to the Sellers' Representative pursuant to Section 2.5(b), if such amounts are equal to the corresponding amounts set forth in the Estimated Adjustment Statement or if no Adjustment Notice of Objection with respect thereto is timely delivered by the Sellers' Representative to the Buyer pursuant to Section 2.5(d) or (ii) if an Adjustment Notice of Objection is so delivered, (A) as

agreed by the Buyer and the Sellers pursuant to Section 2.5(d) or (B) in the absence of such agreement, as determined in the Independent Expert's report delivered pursuant to Section 2.5(d).

(f) Closing Consideration Adjustment. Within five Business Days after the Final Closing Consideration Amount has been finally determined pursuant to this Section 2.5:

(i) if the Final Closing Consideration Amount is less than the Estimated Closing Consideration Amount, the Buyer shall be entitled to receive a payment in cash out of the Adjustment Escrow Account in an amount equal to such difference; provided, that if such amount exceeds the Adjustment Escrow Amount, (A) the Buyer shall be entitled to receive the entire Adjustment Escrow Amount and (B) each Seller shall severally, but not jointly, pay to Hostess Holdings an aggregate amount equal to (I) such Sellers's Pro-Rata Share, multiplied by (II) the amount of such difference; and

(ii) if the Final Closing Consideration Amount is greater than the Estimated Closing Consideration Amount, (A) each Seller shall be entitled receive its Pro-Rata Share of the Adjustment Escrow Amount from the Adjustment Escrow Account and (B) the Buyer shall cause Hostess Holdings to pay to each Seller an amount equal to (I) such Seller's Pro-Rata Share, multiplied by (II) the amount of such difference.

(g) Payment of Adjustment Amounts. Any payment required to be made by (i) the Sellers pursuant to this Section 2.5 shall be made by wire transfer of immediately available funds in U.S. dollars to the account of Hostess Holdings designated in writing by the Buyer at least one Business Day prior to such transfer and (ii) Hostess Holdings on behalf of the Buyer pursuant to this Section 2.5 shall be made by wire transfer of immediately available funds in U.S. dollars to the account(s) designated in writing by the Sellers' Representative at least one Business Day prior to such transfer.

(h) Interest. The amount of any payment to be made pursuant to this Section 2.5 shall bear interest from and including the Closing Date to, but excluding, the date of payment at a rate per annum equal to the "prime rate" as published in *The Wall Street Journal*, Eastern Edition on the Closing Date. Such interest shall be calculated daily on the basis of a year of 365 days and the actual number of days elapsed, without compounding.

(i) Tax Treatment. Any payments made pursuant to this Section 2.5 and all Tax Receivable Payments shall be treated as an adjustment to the Purchase Price by the Parties for Tax purposes, unless otherwise required by applicable Law.

(j) AP Hostess LP Tax Adjustment. Notwithstanding anything to the contrary in this Agreement, in the event that any payment of cash under this Agreement or under the Tax Receivable Agreement to AP Hostess LP or its successors or assignees would cause the cumulative amount treated as paid in cash for U.S. federal income tax purposes to AP Hostess LP pursuant to this Agreement and the Tax Receivable Agreement to exceed 60% of an amount equal to (i) the fair market value of shares of Buyer Class A Common Stock to be issued to AP Hostess LP hereunder (determined by using the average of the high and low trading price on the date that AP Hostess LP became entitled to such payment), plus (ii) the cumulative amount of cash paid to AP Hostess LP pursuant to this Agreement and the Tax Receivable Agreement (the

“**Maximum Cash Amount**”), then such excess cash amount (the “**AP Hostess LP Tax Adjustment Amount**”) shall instead be paid to AP Hostess LP or its successors or assignees in the form of a number of shares of Buyer Class A Common Stock equal to (A) the AP Hostess LP Tax Adjustment Amount divided by (B) the Adjustment Per Share Price (the “**AP Hostess LP Tax Adjustment Shares**”); provided, that such excess cash amount shall be further adjusted so as to not exceed the Maximum Cash Amount taking into account the average of the high and low trading price of the AP Hostess LP Tax Adjustment Shares on the date that AP Hostess LP or its successors or assignees became entitled to such AP Hostess LP Tax Adjustment Shares.

**Section 2.6. Earn Out.**

( a ) Initial Hostess EBITDA Statement. Within 30 calendar days following the completion of the audited GAAP financial statements of the Buyer and its Subsidiaries for (i) the 2016 Measurement Year, the Buyer shall deliver to the Sellers’ Representative, and (ii) the 2017 Measurement Year, the Buyer shall deliver to Hostess CDM Co-Invest, an unaudited statement that sets forth in reasonable detail the Buyer’s calculation of the Hostess EBITDA for such Measurement Year and the elements thereof (each such statement, an “**Initial Hostess EBITDA Statement**”). Each Initial Hostess EBITDA Statement shall (A) specifically and separately identify (I) each excluded item from Hostess EBITDA and (II) each adjustment to Hostess EBITDA, (B) include a schedule reconciling the Hostess EBITDA to the audited GAAP financial statements of the Buyer and its Subsidiaries for such Measurement Year (it being understood that for the 2016 Measurement Year such reconciliation shall only be required for the period from the Closing Date through December 31, 2016), (C) include all backup calculations reasonably necessary to arrive at the Buyer’s calculation of Hostess EBITDA for such Measurement Year, and (D) be certified by the Chief Financial Officer of the Buyer as having been calculated in accordance with the terms of this Section 2.6 and the definition of Hostess EBITDA. In order to facilitate the Sellers’ review of each Initial Hostess EBITDA Statement, the Buyer shall (I) at its own expense and promptly upon request by the Sellers’ Representative or Hostess CDM Co-Invest, as applicable, request that its independent auditors make available their work papers to the Sellers’ Representative or Hostess CDM Co-Invest, as applicable, and (II) make available to the Sellers’ Representative or Hostess CDM Co-Invest, as applicable, such other back-up materials used by the Buyer in preparing the Initial Hostess EBITDA Statement as the Sellers’ Representative or Hostess CDM Co-Invest, as applicable, may reasonably request. For illustrative purposes, an example of the elements of Hostess EBITDA with respect to the fiscal year ending December 31, 2015 is set forth on Schedule D hereto. For the avoidance of doubt, neither the Sellers’ Representative nor AP Hostess LP shall be responsible for compliance with this Section 2.6 with respect to the 2017 Measurement Year, nor shall such Parties have any other obligations or liabilities with respect to the 2017 Measurement Year, which compliance, obligations and liabilities shall be solely the responsibility of Hostess CDM Co-Invest.

( b ) Earn Out Review Period and Notice of Objection. Upon receipt from the Buyer, the Sellers’ Representative or Hostess CDM Co-Invest, as applicable, shall have 45 days to review each Initial Hostess EBITDA Statement (the “**Earn Out Review Period**”). At the request of the Sellers’ Representative or Hostess CDM Co-Invest, as applicable, the Buyer (i) shall reasonably cooperate and assist, and shall cause its Subsidiaries, including the Hostess Entities, and each of their respective Representatives to reasonably cooperate and assist, the Sellers’ Representative or Hostess CDM Co-Invest, as applicable, and their respective

Representatives in the review of the Initial Hostess EBITDA Statement (including by requesting their respective accountants to deliver to the Sellers' Representative or Hostess CDM Co-Invest, as applicable, and their respective Representatives copies of their work papers relating to the Hostess Entities) and (ii) shall provide the Sellers' Representative or Hostess CDM Co-Invest, as applicable, and their respective Representatives with any information reasonably requested by such Persons that is necessary for their review of the Adjustment Statement. If the Sellers' Representative or Hostess CDM Co-Invest, as applicable, disagrees with the Buyer's computation of Hostess EBITDA for the applicable Measurement Year as set forth in the applicable Initial Hostess EBITDA Statement, the Sellers' Representative or Hostess CDM Co-Invest, as applicable, shall, on or prior to the last day of the Earn Out Review Period, deliver a written notice to the Buyer (the "**Earn Out Notice of Objection**") that sets forth the Sellers' Representative's or Hostess CDM Co-Invest's, as applicable, objections to the Buyer's calculation of the Hostess EBITDA for the applicable Measurement Year. Any Earn Out Notice of Objection shall specify those items or amounts with which the Sellers' Representative or Hostess CDM Co-Invest, as applicable, disagree and shall set forth the Sellers' Representative's or Hostess CDM Co-Invest's, as applicable, calculation of the Hostess EBITDA for the applicable Measurement Year based on such objections (it being understood that the Sellers' Representative or Hostess CDM Co-Invest, as applicable, shall be deemed to have accepted the Buyer's calculation of any amounts set forth on the Initial Hostess EBITDA Statement to which the Sellers' Representative or Hostess CDM Co-Invest, as applicable, does not object in the Earn Out Notice of Objection).

( c ) Earn Out Dispute Resolution. If the Sellers' Representative or Hostess CDM Co-Invest, as applicable, does not deliver an Earn Out Notice of Objection to the Buyer with respect to an item contained in the applicable Initial Hostess EBITDA Statement within the applicable Earn Out Review Period, the Sellers' Representative or Hostess CDM Co-Invest, as applicable, shall be deemed to have accepted the Buyer's calculation of the underlying item of Hostess EBITDA for such Measurement Year, and such calculation shall be final, conclusive and binding. If the Sellers' Representative or Hostess CDM Co-Invest, as applicable, delivers an Earn Out Notice of Objection to the Buyer within the applicable Earn Out Review Period, the Buyer and the Sellers' Representative or Hostess CDM Co-Invest, as applicable, shall, during the 30 days following such delivery or any mutually agreed extension thereof, use their good faith efforts to reach agreement on the disputed items and amounts in order to determine the amount of the disputed Hostess EBITDA. If, at the end of such period or any mutually agreed extension thereof, the Buyer and the Sellers' Representative or Hostess CDM Co-Invest, as applicable, are unable to resolve their disagreements, they shall jointly retain and refer their disagreements to the Independent Expert (to be selected in accordance with the procedures set forth in Section 2.5(d)). The Parties shall instruct the Independent Expert promptly to review this Section 2.6, as well as the applicable Initial Hostess EBITDA Statement, Earn Out Notice of Objection and any other materials reasonably requested by the Independent Expert, and to determine, solely with respect to the disputed items and amounts so submitted, whether and to what extent, if any, Hostess EBITDA set forth in the applicable Initial Hostess EBITDA Statement requires adjustment pursuant to the terms of this Agreement. The Independent Expert shall base its determination solely on written submissions by the Buyer and the Sellers' Representative or Hostess CDM Co-Invest, as applicable, and not on an independent review. The Buyer and the Sellers shall make available to the Independent Expert all relevant books and records and other items reasonably requested by the Independent Expert. As promptly as practicable, but in no

event later than 45 days after its retention, the Independent Expert shall deliver to the Buyer and the Sellers' Representative or Hostess CDM Co-Invest, as applicable, a report that sets forth its resolution of the disputed items and amounts and its calculation of Hostess EBITDA for the applicable Measurement Year; provided, however, that the Independent Expert may not assign a value to any item greater than the greatest value for such item claimed by the Buyer, on one hand, and the Sellers' Representative or Hostess CDM Co-Invest, as applicable, on the other hand, nor less than the smallest value for such item claimed by the Buyer, on one hand, and the Sellers' Representative or Hostess CDM Co-Invest, as applicable, on the other hand. The decision of the Independent Expert shall be final, conclusive and binding on the Parties. The costs and expenses of the Independent Expert shall be allocated between the Buyer, on the one hand, and the Sellers' Representative (on behalf of the Sellers) or Hostess CDM Co-Invest, as applicable, on the other hand, based upon the percentage that the portion of the aggregate contested amount not awarded to each Party bears to the aggregate amount actually contested by such Party, as determined by the Independent Expert. The Buyer and the Sellers' Representative or Hostess CDM Co-Invest, as applicable, agree to execute, if requested by the Independent Expert, a reasonable engagement letter, including customary indemnities in favor of the Independent Expert.

(d) Final Hostess EBITDA. For purposes of this Agreement, "**Final Hostess EBITDA**" for each Measurement Year means the Hostess EBITDA (i) as shown in the Initial Hostess EBITDA Statement delivered by the Buyer to the Sellers' Representative or Hostess CDM Co-Invest, as applicable, pursuant to Section 2.6(a) if no Earn Out Notice of Objection with respect thereto is timely delivered by the Buyer to the Sellers' Representative or Hostess CDM Co-Invest, as applicable, pursuant to Section 2.6(b) or (ii) if an Earn Out Notice of Objection is so delivered, (A) as agreed by the Buyer and the Sellers' Representative or Hostess CDM Co-Invest, as applicable, pursuant to Section 2.6(c) or (B) in the absence of such agreement, as determined in the Independent Expert's report delivered pursuant to Section 2.6(c).

(e) Issuance of Earn Out Shares. Following the Closing, and as additional consideration for the Management LLC Merger, the AP Hostess Holdings Merger and the Contribution and Purchase, within two Business Days after the Final Hostess EBITDA for the applicable Measurement Year has been finally determined pursuant to this Section 2.6, the Buyer shall issue the following shares of Buyer Class A Common Stock (the "**Earn Out Shares**"), subject to the terms and conditions set forth in this Agreement and the other Transaction Documents:

(i) if Final Hostess EBITDA for the 2016 Measurement Year is equal to or greater than \$225,400,000 (the "**2016 EBITDA Target**"), the Buyer shall issue the 2016 Earn Out Shares to the Sellers (in accordance with their respective Pro-Rata Shares) promptly, but in any event within five Business Days after the Final Hostess EBITDA for the 2016 Measurement Year has been finally determined pursuant to this Section 2.6;

(ii) if (A) Final Hostess EBITDA for the 2016 Measurement Year is less than the 2016 EBITDA Target and (B) Final Hostess EBITDA for the 2017 Measurement Year is equal to or greater than \$240,500,000 (the "**2017 Catch Up EBITDA Target**"), the Buyer shall issue the 2016 Earn Out Shares to Hostess CDM Co-Invest promptly, but in any event within five Business Days after the Final Hostess EBITDA for the 2017 Measurement Year has been finally determined pursuant to this Section 2.6;

(iii) if Final Hostess EBITDA for the 2017 Measurement Year is equal to or greater than \$245,500,000 (the “**2017 EBITDA Target**”), the Buyer shall issue the 2017 Earn Out Shares to Hostess CDM Co-Invest promptly, but in any event within five Business Days after the Final Hostess EBITDA for the 2017 Measurement Year has been finally determined pursuant to this Section 2.6; and

(iv) if (i) Final Hostess EBITDA for the 2016 Measurement Year is less than the 2016 EBITDA Target and (ii) Final Hostess EBITDA for the 2017 Measurement Year is less than the 2017 Catch Up EBITDA Target, then the Buyer shall not be required to issue any Earn Out Shares.

(f) Issuances to Holders of Buyer Class B Common Stock. Notwithstanding anything to the contrary set forth herein or in the other Transaction Documents, if any Earn-Out Shares are to be issued to CDM Hostess or Hostess CDM Co-Invest and at the time of such issuance, such Seller holds any Buyer Class B Common Stock and Class B LP Units, then in lieu of issuing Buyer Class A Common Stock to such Seller, the Buyer shall (i) issue to such Seller an equivalent number of shares of Buyer Class B Common Stock and (ii) cause Hostess Holdings to issue to such Seller an equivalent number of Class B LP Units, which Buyer Class B Common Stock and Class B LP Units shall be subject to the exchange rights set forth in the Exchange Agreement and shall be deemed “Earn Out Shares” for purposes of this Agreement.

(g) Acceleration Event. Upon the occurrence of an Acceleration Event:

(i) prior to the determination of Final Hostess EBITDA for the 2016 Measurement Year (and issuance of any Earn Out Shares to be issued in connection therewith), the Buyer shall, immediately prior to such Acceleration Event, issue the 2016 Earn Out Shares and the 2017 Earn Out Shares to the Sellers; or

(ii) following the determination of Final Hostess EBITDA for the 2016 Measurement Year (and issuance of any Earn Out Shares to be issued in connection therewith), but prior to the determination of Final Hostess EBITDA for the 2017 Measurement Year (and issuance of any Earn Out Shares to be issued in connection therewith), (A) if Hostess EBITDA for the 2016 Measurement Year was equal to or greater than the 2016 EBITDA Target, the Buyer shall issue the 2017 Earn Out Shares to the Sellers immediately prior to such Acceleration Event and (B) if Hostess EBITDA for the 2016 Measurement Year was less than the 2016 EBITDA Target, the Buyer shall, immediately prior to such Acceleration Event, issue the 2016 Earn Out Shares and the 2017 Earn Out Shares to the Sellers.

(h) Earn Out Covenants. Other than pursuant to the express terms of the Transaction Documents, from the Closing until the earlier of (i) the end of the 2017 Measurement Year and (ii) the issuance of the Earn Out Shares in accordance with Section 2.6(g) (the “**Earn Out Period**”), the Buyer (A) shall not, and shall cause each of its controlled Affiliates (including the Hostess Entities) to not, without the prior written consent of the Sellers’ Representative or Hostess CDM Co-Invest, as applicable, take any actions that have the primary purpose of avoiding, reducing or preventing the achievement or attainment of the 2016 EBITDA

Target, the 2017 Catch Up EBITDA Target or the 2017 EBITDA Target, (B) shall, and shall cause each of its controlled Affiliates (including the Hostess Entities), to conduct the business of the Hostess Entities in good faith, and (C) shall reserve and keep available for issuance such number of shares of Buyer Class A Common Stock and Buyer Class B Common Stock as shall from time to time be sufficient to permit the issuance of all Earn Out Shares and shall take all action required to increase the authorized number of shares of Buyer Class A Common Stock or Buyer Class B Common Stock, as applicable, if at any time there shall be insufficient authorized and unissued shares to permit such reservation.

(i) Further Actions: Termination of Earn Out. The Buyer shall take such actions as are reasonably requested by the Sellers' Representative or Hostess CDM Co-Invest, as applicable, to evidence the issuances pursuant to this Section 2.6. Immediately following the issuance of all of the applicable Earn Out Shares as required hereunder, all obligations of the Buyer under this Section 2.6 shall terminate and cease to have any further force or effect.

(j) Tax Treatment of Earn Out Shares and Tax Receivable Payments. Any issuance of Earn Out Shares, including any issuance of Earn Out Shares made upon the occurrence of an Acceleration Event pursuant to Section 2.6(g), and any payments made pursuant to the Tax Receivable Agreement, shall be treated as an adjustment to the Purchase Price by the Parties for Tax purposes, unless otherwise required by applicable Law.

(k) Adjustments to EBITDA Targets. If, during the Earn Out Period, the Buyer or any of its Subsidiaries makes any acquisition or divestitures of a company, business or assets and such event would, in the opinion of the board of directors of the Buyer (acting reasonably and in good faith) have an effect on the Hostess EBITDA for any Measurement Year, then the 2016 EBITDA Target, the 2017 Catch Up EBITDA Target or the 2017 EBITDA Target, as applicable, shall be adjusted in such a manner as, in the board of directors' opinion (acting reasonably and in good faith), would be appropriate for purposes of taking into account the pro-forma full-year impact of such acquisition or disposition (including synergies actually realized in-year) on Hostess EBITDA for the Measurement Year in which such acquisition or divestiture takes place as well as for any Measurement Years following that year. For illustrative purposes only, if an acquisition results in a \$50,000,000 increase in Hostess EBITDA for a Measurement Year, the applicable target for such Measurement Year will be increased by \$50,000,000.

**Section 2.7. Allocation.** The Buyer and the Sellers agree to allocate the Estimated Closing Consideration Amount among the Closing Hostess Securities in accordance with the values assigned to such Closing Hostess Securities on the Allocation Schedule (the "**Allocation**"). As soon as reasonably practicable after the Closing Date, but not more than 60 days following the Closing Date, the Buyer shall provide the Sellers' Representative with one or more schedules allocating the Estimated Closing Consideration Amount, cash payment on account of the membership interests and any other cash and liabilities of Hostess Holdings treated as Purchase Price for Tax purposes (the "**Tax Purchase Price**"), and setting forth the Code Section 743 basis adjustment. The Buyer shall take all reasonable comments to such schedules provided by the Sellers' Representative. The Parties shall each bear their respective expenses and costs of external advisors (including valuation experts) incurred in preparing the Allocation and schedules under this Section 2.7 and defending any Legal Proceeding in connection with the Allocation. The determination and allocation of the Tax Purchase Price Code Section 743 adjustments derived pursuant to this Section 2.7 shall be binding on the Parties

for all Tax reporting purposes, except as required by Law. The Buyer shall cause Hostess Holdings and Management LLC to file a valid election under Section 754 of the Code (and any equivalent election for applicable state and local Income Tax purposes), which Code Section 754 election (and equivalent election) shall be filed by Hostess Holdings and Management LLC with its U.S. federal Income Tax Return (and applicable state and local Income Tax Returns) for the taxable year that includes the Closing Date and shall be effective for such year and any other forms necessary for the completion of a valid Code Section 754 election (and equivalent election) effective as of such taxable year. The Buyer shall cause Hostess Holdings and Management LLC to have a valid section 754 election in effect in the Tax Return of Hostess Holdings and Management LLC for the Tax year which includes the Closing Date for U.S. federal Income Tax purposes, and with respect to Hostess Holdings, for all subsequent years. The Allocation shall be adjusted, consistent with the Allocation Schedule, and the allocation of the Tax Purchase Price shall be adjusted, in each case, to reflect any adjustment to the Purchase Price pursuant to Section 2.5 or as otherwise provided under this Agreement. Except as required by Law, the Buyer and the Sellers shall report an allocation of the Tax Purchase Price in a manner entirely consistent with the Allocation and the allocation of the Tax Purchase Price and shall not take any position inconsistent with this Section 2.7 in the filing of any Tax Returns or in the course of any audit by any Governmental Entity, Tax review or Tax proceeding relating to any Tax Returns; provided, however, that if any Party's allocation of the Tax Purchase Price pursuant to this Section 2.7 is successfully challenged in the course of any Legal Proceeding by a Governmental Entity, (a) the applicable Party shall promptly notify the other Parties in writing of such challenge and include a reasonably detailed description of such challenge and (b) the other Parties may adjust their respective determination and allocation of the Tax Purchase Price (and any corresponding Code Section 743 adjustments) to reflect the determination of such Governmental Entity.

**Section 2.8. No Withholding.** The Buyer will be entitled to deduct and withhold from the amounts otherwise payable by it pursuant to this Agreement to any Person such amounts as it is required by applicable Law to deducted and withheld with respect to the making of such payment under the Code, or any provision of state, local or foreign Tax Law; provided, that except with respect to any withholding obligation resulting from any change in Law arising on or after the date hereof, it shall not withhold on account of U.S. federal Income Taxes with respect to an applicable Seller that complies with the provisions of Section 6.14(b). In the event that any amount is so deducted and withheld, such withheld amounts will be treated for all purposes of this Agreement as having been paid to the Person to whom the payment from which such amounts were withheld was made.

**Section 2.9. Issuance of LP Units.** Notwithstanding anything to the contrary contained in this Agreement, the Parties agree that:

(a) Hostess Holdings Capitalization. Immediately following the consummation of the Management Merger and the adoption of the Hostess Holdings A&R LPA (but, for the avoidance of doubt, prior to the consummation of the Contribution and Purchase), the capitalization of Hostess Holdings shall be consistent with this Section 2.9, and the Parties shall take all action necessary and appropriate to cause Schedule A to the Hostess Holdings A&R LPA and Schedule A to the Contribution and Purchase Agreement to be prepared in a manner consistent with this Section 2.9:

(i) the number of Class A LP Units issued and outstanding shall equal the number of shares of Buyer Class A Common Stock then issued and outstanding;



(ii) the number of Class B LP Units then held by Hostess CDM Co-Invest shall be equal to the sum of (A) the quotient (rounded up to the nearest whole number) of (I) the cash amount payable to Hostess CDM Co-Invest pursuant to Section 2.4(b)(ii) divided by (II) the Closing Per Share Price, plus (B) the number of shares of Buyer Class B Common Stock to be delivered to Hostess CDM Co-Invest pursuant to Section 2.4(b)(v); and

(iii) the number of Class B LP Units then held by CDM Hostess shall be equal to the sum of (A) the quotient (rounded up to the nearest whole number) of (I) the cash amount payable to CDM Hostess pursuant to Section 2.4(b)(iii) divided by (II) the Closing Per Share Price, plus (B) the number of shares of Buyer Class B Common Stock to be delivered to CDM Hostess pursuant to Section 2.4(b)(vi).

(b) Class B LP Units. Immediately following the Contribution and Purchase, after giving effect to the cancellation of the Class B LP Units pursuant to Section 7.2(d) of the Hostess Holdings A&R LPA, the number of issued and outstanding Class B LP Units shall equal the number of Buyer Class B Common Stock then issued and outstanding.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES RELATING TO THE SELLERS

Each of the Sellers, severally, but not jointly, and solely with respect to such Seller, represents and warrants to the Buyer (and solely with respect to Section 3.9, each of Hostess CDM Co-Invest and CDM Hostess represent and warrant to AP Hostess LP) that each statement contained in this Article III as it applies to such Seller is true and correct as of the date hereof, except as set forth in the disclosure schedules accompanying this Agreement (collectively, the “**Disclosure Schedule**”).

**Section 3.1. Organization and Existence.** Each Seller is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation.

**Section 3.2. Authority and Enforceability.** Each such Seller has the requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which such Seller is a party, to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by such Seller of this Agreement and the other Transaction Documents to which such Seller is a party, and the consummation by such Seller of the Transactions, have been duly authorized by all necessary action on the part of such Seller, and no other action is necessary on the part of such Seller to authorize this Agreement and the other Transaction Documents to which such Seller is a party or to consummate the Transactions. This Agreement has been, and the other Transaction Documents to which such Seller is a party will be at Closing, duly executed and delivered by such Seller and, assuming the due authorization, execution and delivery by each other party hereto and thereto, this Agreement constitutes, and the other Transaction Documents to which such Seller is a party will constitute at Closing, a legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as limited by (a)

bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and (b) general principles of equity, whether such enforceability is considered in a proceeding in equity or at Law.

**Section 3.3. Noncontravention.**

(a) Neither the execution, delivery and performance of this Agreement or the other Transaction Documents to which such Seller is a party by such Seller, nor the consummation of the Transactions, will, with or without the giving of notice or the lapse of time or both, (i) violate any provision of the Organizational Documents of such Seller, (ii) violate any Law or Order applicable to such Seller or (iii) except as set forth on Section 3.3(a) of the Disclosure Schedule, result in a breach of or default under, require consent under, violate any Contract to which such Seller is a party, except in the case of clause (iii) to the extent that any such violation, breach, default or requirement would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect or a material adverse effect on such Seller's ability to perform its obligations hereunder.

(b) No Permit or Filing is required in connection with the execution and delivery of this Agreement or the other Transaction Documents to which such Seller is a party by such Seller, the performance by such Seller of its obligations hereunder and thereunder or the consummation by such Seller of the Transactions other than (i) Permits and Filings set forth on Section 3.3(b) of the Disclosure Schedule, (ii) Permits and Filings that have been obtained or made by such Seller prior to the date hereof and (iii) Permits and Filings the failure of which to obtain or make would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on such Seller's ability to perform its obligations hereunder.

**Section 3.4. Legal Proceedings.** There are no Legal Proceedings pending or, to the Knowledge of such Seller, threatened against or otherwise relating to such Seller that (a) challenge or seek to enjoin, alter or materially delay the Transactions or (b) would, individually or in the aggregate, reasonably be expected to have a material adverse effect on such Seller's ability to perform its obligations hereunder.

**Section 3.5. Capitalization.** As of the date hereof, such Seller owns (of record and beneficially) the Hostess Securities set forth opposite such Seller's name on Schedule A under the heading "Hostess Securities" free and clear of all Liens (other than other than Liens arising pursuant to applicable securities Laws). At the Closing, such Seller will transfer to the applicable Person (or such Person will succeed by operation of law to) all of such Seller's right, title and interest in and to such Seller's Closing Hostess Securities free and clear of all Liens (other than other than Liens arising pursuant to applicable securities Laws), in each case in accordance with the applicable Transaction Documents. Immediately after giving effect to the consummation of the Transactions, the Buyer shall own (of record and beneficially) all of the Closing Hostess Securities directly (other than the AP Hostess Holdings Common Stock, to which the Buyer shall succeed by operation of law).

**Section 3.6. Brokers.** Other than fees or commissions for which the Sellers will be solely responsible, such Seller does not have any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the Transactions.

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**Section 3.7. Buyer Shares.** Such Seller acknowledges that the shares Buyer Class A Common Stock or shares of Buyer Class B Common Stock or LP Units being acquired pursuant to this Agreement and the other Transaction Documents have not been registered under the Securities Act or under any state or foreign securities Laws. Such Seller is acquiring such Equity Interests for its own account solely for investment purposes and not with a view to any public resale or other distribution thereof, except in compliance with applicable securities Laws. Such Seller acknowledges that such Equity Interests will not be registered under the Securities Act or any applicable state or foreign securities Laws and that such Equity Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act or applicable foreign securities Laws or pursuant to an applicable exemption therefrom and pursuant to state or foreign securities Laws, as applicable. Such Seller has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Buyer Class A Common Stock or Buyer Class B Common Stock or LP Units and is capable of bearing the economic risks of such investment. Such Seller is an “accredited investor” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

**Section 3.8. Independent Investigation.** Such Seller has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its participation in the Transactions. Such Seller has conducted its own independent review and analysis of, and based thereon has formed an independent judgment concerning, the assets, liabilities, condition, operations and prospects of the business of the Buyer and the Buyer Capital Stock. In entering into this Agreement and the other Transaction Documents to which it is a party, such Seller relied solely upon its own review and analysis and the specific representations and warranties of the Buyer expressly set forth in Article V and not on any representations, warranties, statements or omissions by any Person other than the Buyer, or by the Buyer other than those specific representations and warranties expressly set forth in Article V. Such Seller acknowledges that, except for the representations and warranties expressly set forth in Article V, none of the Buyer, its Affiliates nor any of their respective Related Parties has made or makes, and such Seller has not relied on and is not relying on, any representation, warranty or statement, either express or implied, (a) as to the accuracy or completeness of any of the information delivered or made available to such Seller or any of its Related Parties and (b) with respect to any projections, forecasts, estimates, plans or budgets of future revenues, expenses or expenditures, future results of operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof) of the business of the Buyer delivered or made available to such Seller or any of its Related Parties or lenders.

**Section 3.9. Contracts with the Buyer.** None of Hostess CDM Co-Invest, CDM Hostess nor any of their respective Affiliates is party to any Contract with the Buyer or any of its Affiliates other than the Transaction Documents and any other Contracts entered into in connection with the Transactions, true, correct and complete copies of which have been provided to AP Hostess LP.

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## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES RELATING TO THE HOSTESS COMPANIES

Each of the Sellers, severally, but not jointly, represents and warrants to the Buyer that each statement contained in this Article IV is true and correct as of the date hereof, except as set forth in the Disclosure Schedule; provided, however, notwithstanding anything to the contrary set forth herein, the statements contained in this Article IV with respect to (a) AP Hostess Holdings are made only by AP Hostess LP, (b) the Class C GP Interests and the Class C LP Interests are made solely by Hostess CDM Co-Invest and (c) the Class C Units in Management LLC are made solely by CDM Hostess.

**Section 4.1. Organization and Existence.** Each Hostess Company is duly organized, validly existing and in good standing under the Laws of the state of its formation, and has all requisite power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. Each Hostess Company is duly qualified or licensed as a foreign entity to do business, and is in good standing, in each jurisdiction where the character of its properties or assets owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not be reasonably expected to have, individually or in the aggregate, a Hostess Material Adverse Effect.

**Section 4.2. Capitalization of the Hostess Companies.**

(a) Section 4.2(a) of the Disclosure Schedule sets forth, for each Hostess Company as of the date hereof, (i) the number and kind of its authorized Equity Securities, (ii) the number and kind of its issued and outstanding Equity Securities and (iii) the names of all owners of its Equity Securities and the number and kind of Equity Securities held by each such owner. All issued and outstanding Equity Securities of the Hostess Companies have been duly authorized and validly issued, are fully paid and non-assessable and were issued in compliance with all applicable Laws and are not subject to and were not issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of any applicable Laws, the Organizational Documents of the Hostess Companies or any Contract to which any Hostess Company is a party or otherwise bound.

(b) Except as set forth on Section 4.2(b) of the Disclosure Schedule, (i) there are no outstanding restrictions on transfers or voting on the Equity Securities of each Hostess Company, and (ii) there are no options, warrants, rights, convertible or exchangeable securities, “phantom” rights, appreciation rights, performance units, commitments or Contracts of any kind to which any Hostess Company is a party or by which any of them is bound obligating any Hostess Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional Equity Interests in, or any security convertible or exercisable for or exchangeable into any Equity Interests in any Hostess Company.

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**Section 4.3. Subsidiaries.**

(a) A true and complete list of each Hostess Subsidiary, together with the jurisdiction of incorporation or formation, as applicable, of each such Hostess Subsidiary, is set forth on Section 4.3(a) of the Disclosure Schedule.

(b) Each Hostess Subsidiary is duly organized, validly existing and in good standing under the Laws of its jurisdiction of its incorporation or formation, as applicable, and has all requisite power to own, lease and operate its properties and to carry on its business as now being conducted. Each Hostess Subsidiary is duly qualified or licensed as a foreign entity to do business, and is in good standing, in each jurisdiction where the character of its properties or assets owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not be reasonably expected to have, individually or in the aggregate, a Hostess Material Adverse Effect.

( c ) Section 4.3(c) of the Disclosure Schedule sets forth, for each Hostess Subsidiary as of the date hereof, (i) the number and kind of its authorized Equity Securities, (ii) the number and kind of its issued and outstanding Equity Securities, (iii) the names of all owners of its Equity Securities and the number and kind of Equity Securities held by each such owner and (iv) with respect to Management LLC, whether such Equity Interest was granted pursuant to Management LLC's Equity Incentive Plan and, if so, whether such interest is intended to be a profits interest for federal Income Tax purposes. All of the Equity Securities of Management LLC will be cancelled and extinguished prior to the Closing. All issued and outstanding Equity Securities of the Hostess Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and were issued in compliance with all applicable Laws and are not subject to and were not issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of any applicable Laws, the Organizational Documents of the Hostess Subsidiaries or any Contract to which any Hostess Subsidiary is a party or otherwise bound. Except as set forth on Section 4.3(c)(i) of the Disclosure Schedule, all of the Equity Securities of each Hostess Subsidiary (other than Management LLC) are owned (of record and beneficially), directly or indirectly, by Hostess Holdings, free and clear of all Liens (other than other than Liens arising pursuant to applicable securities Laws). Except as set forth on Section 4.3(c)(ii) of the Disclosure Schedule, (A) there are no outstanding restrictions on transfers or voting on the Equity Securities of any Hostess Subsidiary, and (B) there are no options, warrants, rights, convertible or exchangeable securities, "phantom" rights, appreciation rights, performance units, commitments or Contracts of any kind to which any Hostess Subsidiary is a party or by which any of them is bound obligating any Hostess Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, additional Equity Interests in, or any security convertible or exercisable for or exchangeable into any Equity Interests in any Hostess Subsidiary.

(d) Except (i) for the ownership interests in the Hostess Subsidiaries and (ii) the Equity Securities of each of Hostess Holdings and Hostess GP owned by AP Hostess Holdings, no Hostess Entity owns, directly or indirectly, any Equity Securities in any other Person as of the date hereof.

**Section 4.4. Noncontravention.**

(a) Except as set forth on Section 4.4(a) of the Disclosure Schedule, the execution, delivery and performance of this Agreement and the consummation of the Transactions will not, with or without the giving of notice or the lapse of time or both, (i) violate any provision of the Organizational Documents of any Hostess Entity, (ii) violate any Law or Order applicable to any Hostess Entity or (iii) result in a breach of or default under, require consent under, violate, or result in the creation of a Lien on any of the properties or assets of any Hostess Entity pursuant to, any Hostess Material Contract, except in the case of clause (iii) to the extent that any such violation would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect.

(b) The execution, delivery and performance of this Agreement and the consummation of the Transactions will not, with or without the giving of notice or the lapse of time or both, result in a Rollover Credit Agreement Default, assuming (i) the satisfaction of the requirements set forth in clauses (d), (e) (to the extent within the control of the Buyer and its Affiliates) and (g) of the definition of Permitted Change in Control and (ii) the application of the Deleveraging Amount and the Estimated Hostess Cash as set forth in Section 6.19(b).

(c) No Permit or Filing is required in connection with the consummation of the Transactions by any Hostess Entity other than (i) Permits and Filings set forth on Section 4.4(c) of the Disclosure Schedule, (ii) Permits and Filings that have been obtained or made by the Sellers or the Hostess Entities prior to the date hereof and (iii) Permits and Filings the failure of which to obtain or make would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect.

**Section 4.5. Financial Statements.** Section 4.5 of the Disclosure Schedule contains true and complete copies of (a) (i) the audited consolidated balance sheets of Hostess Holdco and its Subsidiaries as of December 31, 2014 and December 31, 2015, and (ii) the related consolidated statements of income, member's equity and cash flows for the years ended December 31, 2014 and December 31, 2015 (the "**Annual Financial Statements**") and (b) (i) the unaudited consolidated balance sheet of Hostess Holdco and its Subsidiaries as of May 31, 2016 (the "**Interim Balance Sheet Date**") and (ii) the related consolidated statements of income, member's equity and cash flows for the period commencing on January 1, 2016 and ending on the Interim Balance Sheet Date (the "**Interim Financial Statements**") and, together with the Annual Financial Statements, the "**Financial Statements**"). The Financial Statements have been prepared in accordance with GAAP (except as may be indicated in the notes thereto), and, on that basis, present fairly, in all material respects, the consolidated financial condition, results of operations and cash flows of Hostess Holdco and its Subsidiaries as of the indicated dates and for the indicated periods subject, in the case of the Interim Financial Statements, to normal year-end adjustments (the effect of which will not, individually or in the aggregate, be material) and the absence of notes.

**Section 4.6. Absence of Certain Changes or Events.** Except (a) as set forth on Section 4.6 of the Disclosure Schedule, and (b) for any action taken by any Hostess Entity that would be permitted under Section 6.2, since December 31, 2015, the business of the Hostess Entities has been conducted in accordance with the ordinary course of business consistent with past practices, except in connection with any process relating to a sale of the Hostess Entities,

including entering into this Agreement. Since December 31, 2015, there has not been any change or event that, individually or in the aggregate with other changes or events, has resulted in, or would be reasonably expected to result in, a Hostess Material Adverse Effect.

**Section 4.7. Legal Proceedings.** Except as disclosed on Section 4.7 of the Disclosure Schedule, since April 9, 2013 there have not been, and there are no, Legal Proceedings pending or, (a) to the Knowledge of AP Hostess LP, threatened against or otherwise relating to AP Hostess Holdings, (b) to the Knowledge of the Sellers, threatened against or otherwise relating to Hostess GP, Hostess Holdings or Management LLC or (c) to the Knowledge of the Sellers, threatened against or otherwise relating to New Hostess Holdco or its Subsidiaries, in each case that (i) challenge or seek to enjoin, alter or materially delay the Transactions or (ii) would, individually or in the aggregate, reasonably be expected to be material to any Hostess Entity. Except as disclosed on Section 4.7 of the Disclosure Schedule, none of the Hostess Entities is subject to any Order of any Governmental Entity that (A) challenges, enjoins, alters or materially delays the Transactions or (B) would, individually or in the aggregate, reasonably be expected to be material to any Hostess Entity. There is no material Legal Proceeding (or, to the Knowledge of the Sellers, any basis therefor) pending against or, to the Knowledge of the Sellers, threatened against the Hostess Entities regarding the existence of a defect in, adulteration of, or misbranding of any food product produced, processed, distributed, shipped, or sold by or on behalf of the Hostess Entities (“**Products**”).

**Section 4.8. Compliance with Laws; Permits; Filings.**

(a) Except as set forth on Section 4.8(a) of the Disclosure Schedule, each Hostess Entity is, and since April 9, 2013 has been, in compliance in all material respects with all Laws and Orders applicable to it or its business or properties. None of the Hostess Entities have received any written or, to the Knowledge of the Sellers, oral notice to the effect that a Governmental Entity has claimed or alleged that any of the Hostess Entities were not in compliance in all respects with all Laws and Orders applicable to them or their respective businesses or properties, except to the extent that such noncompliance would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect.

(b) All Permits that the Hostess Entities are required to hold in order to own, lease, maintain, operate and conduct their respective businesses as currently conducted are held by the Hostess Entities, as applicable, except for such Permits the failure to have would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect. Each Hostess Entity is and has been in compliance with the terms of all such Permits, except for such noncompliance that would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect.

(c) Except as set forth on Section 4.8(c) of the Disclosure Schedule, Since April 9, 2013, all Products are and have been in compliance with all requirements of applicable Law, including regulations administered by any Governmental Entity (including the Food and Drug Administration and its counterparts in state, local, and foreign jurisdictions, as applicable) as they relate to the processing, production, good manufacturing practices, packaging, sale, safety, distribution, shipping, advertising, marketing and labeling of Products, except for such noncompliance that would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect. Since April 9, 2013, to the Knowledge of the Sellers, each

supplier of the Hostess Entities is and has been in material compliance with all applicable Laws as they relate to the processing, good manufacturing practices, packaging, sale, safety, distribution, shipping, advertising, marketing and labeling of Products and the ingredients of Products (in each case, to the extent applicable to the goods and services provided to the Hostess Entities by such supplier).

**Section 4.9. Hostess Material Contracts.**

(a) Section 4.9(a) of the Disclosure Schedule sets forth a true and correct list of the following types of Contracts (other than any Contracts affecting real property which are set forth on Section 4.10(b) of the Disclosure Schedule) to which any Hostess Entity is a party:

- (i) any stockholder, partnership or other agreement with a holder of Equity Securities, investors' rights agreement, voting agreement, right of first refusal and co-sale agreement, or registration rights agreement;
- (ii) each Contract with any Affiliate of any Hostess Entity, other than Intercompany Contracts;
- (iii) each Contract imposing confidentiality (other than Contracts entered into in the ordinary course of business or in connection with the sale process relating to the Hostess Entities and nondisclosure agreements entered into in connection with acquisitions or dispositions), standstill or non-solicitation obligations on any Hostess Entity;
- (iv) any non-competition Contract or other Contract that purports to limit in any material respect (A) the ability of any Hostess Entity from operating or doing business in any location (excluding use or other limitations on owned, leased or subleased real property), market or line of business, (B) the Persons to whom any Hostess Entity may sell products or deliver services or (C) the Persons that any Hostess Entity may hire or solicit for hire (other than nondisclosure agreements entered into in connection with acquisitions or dispositions);
- (v) any Contract providing for indemnification by any Hostess Entity of any Person, except for any such Contract that is entered into in the ordinary course of business and is not material to the Hostess Entities or their respective businesses taken as a whole;
- (vi) any Contract or purchase commitment reasonably expected to result in future payments to or by any Hostess Entity in excess of \$5,000,000 per annum, except for Contracts that are terminable on less than 90 days' notice without material penalty;
- (vii) (A) any Contract pursuant to which third-party Intellectual Property that is material to any of the Hostess Entities' business is licensed to any of the Hostess Entities (excluding any software licenses for software generally available on "shrink wrap" or other standard terms for less than \$50,000 in total) and (B) any Contract pursuant to which any of the Hostess Entities has granted any license under, or otherwise transferred or conveyed material right or interest in (whether or not currently exercisable), any material Intellectual Property to any third party;



(viii) any Contract that (A) grants to any Person other than a Hostess Entity, (I) most favored pricing provisions or (II) any exclusive rights, rights of first refusal, rights of first negotiation or other similar rights, or (B) relates to any joint venture, partnership or other similar arrangement;

(ix) any Contract entered into by any Hostess Entity in the last 12 months for the settlement of any material Legal Proceeding for which any Hostess Entity has any ongoing liability or obligation;

(x) any Contract with any Major Customer or Major Supplier;

(xi) any loan or credit agreement, indenture, note or other Contract or instrument evidencing Indebtedness of any Hostess Entity;

(xii) any Contract for (A) the sale of any business, material properties or material assets of any Hostess Entity or (B) the acquisition by any Hostess Entity of any operating business, material properties or material assets, whether by merger, purchase, sale of stock or assets or otherwise, in each case, other than Contracts entered into in the ordinary course of business or in connection with the sale process relating to the Hostess Entities and nondisclosure agreements entered into in connection with acquisitions or dispositions;

(xiii) any material distributor, reseller, sales representative, marketing or advertising Contract; and

(xiv) any Contract that is otherwise material to the Hostess Entities or their respective businesses other than Contracts entered into in the ordinary course of business.

(b) The Contracts set forth on Section 4.9(a) of the Disclosure Schedule are collectively referred to as the “**Hostess Material Contracts**”. None of the Hostess Entities nor, to the Knowledge of the Sellers, any other party thereto, is in, or has received written notice of any, violation of or default under (including any condition that with the passage of time or the giving of notice would cause such a violation or default under) any Hostess Material Contract, other than those violations or defaults that would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect. A copy of each Hostess Material Contract (subject to redaction or non-disclosure to protect proprietary or confidential information concerning any Hostess Entity or as otherwise necessary to comply with the confidentiality obligations of any Hostess Entity) has previously been made available to the Buyer. Each Hostess Material Contract is a valid and binding agreement of the relevant Hostess Entity, and is in full force and effect (except to the extent such Hostess Material Contract terminates or expires after the date hereof in accordance with its terms), and is enforceable against the applicable Hostess Entity and, to the Knowledge of the Persons set forth above, each other party thereto, in accordance with its terms, except (A) as limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors’ rights generally, (B) as limited by general principles of equity, whether such enforceability is considered in a proceeding in equity or at Law or (C) for such failures to be valid and binding or in full force and effect that would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect.

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**Section 4.10. Real Property.**

(a) A Hostess Entity has good and marketable fee simple title to each parcel of real property owned by such Hostess Entity (the “**Hostess-Owned Real Property**”) free and clear of all Liens, except for Permitted Liens. Section 4.10(a) of the Disclosure Schedule contains a true and correct list of all Hostess-Owned Real Property.

( b ) Section 4.10(b)(1) of the Disclosure Schedule contains a true and correct list of all leases and subleases (collectively, the “**Real Property Leases**”) under which any Hostess Entity is lessee and that provide for payments by any Hostess Entity in any one case (i) of \$1,000,000 or more over the term of the lease or (ii) annual payments of \$100,000 or more. None of the Hostess Entities or, to the Knowledge of the Sellers, any other party thereto, is in, or, during the three-year period prior to the date hereof, has received written notice of any breach, violation of or default under (including any condition that with the passage of time or the giving of notice would cause such a breach, violation or default under) any Real Property Leases. A copy of each Real Property Lease (subject to redaction or non-disclosure to protect proprietary or confidential information concerning any Hostess Entity or as otherwise necessary to comply with the confidentiality obligations of any Hostess Entity) has previously been made available to the Buyer. Each Real Property Lease is a valid and binding agreement of the applicable Hostess Entity, and is in full force and effect (except to the extent such Real Property Lease terminates or expires after the date hereof in accordance with its terms), except (A) as limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors’ rights generally, or (B) as limited by general principles of equity, whether such enforceability is considered in a proceeding in equity or at Law. Except as set forth on Section 4.10(b)(2) of the Disclosure Schedule, the consummation of the Transactions will not, with or without the giving of notice or the lapse of time or both, violate any Real Property Lease that is material to the Hostess Entities or respective businesses taken as a whole.

**Section 4.11. Employee Benefits.**

(a) Section 4.11(a) of the Disclosure Schedule sets forth a true and correct list of all material Benefit Plans. The Sellers have made available (i) each such Benefit Plan, (ii) the most recent summary plan description for each such Benefit Plan for which such a summary plan description is required, (iii) the most recent favorable determination letters from the IRS with respect to each such Benefit Plan intended to qualify under Section 401(a) of the Code, (iv) the most recent IRS Form 5500 and all schedules thereto, if applicable, and (v) the most recent actuarial valuation report and the most recent annual audited financial statement and opinion, if any.

(b) Except as set forth on Section 4.11(b) of the Disclosure Schedule:

(i) none of the Benefit Plans is subject to Title IV of ERISA, Section 412 of the Code or Section 302 of ERISA, nor has any of the Hostess Entities ever sponsored, maintained or contributed to such a plan;

(ii) each Benefit Plan that is intended to be qualified under Section 401(a) of the Code and is subject to a favorable determination letter from the IRS and, to the Knowledge of the Sellers, no event has occurred and no condition exists that is reasonably expected to result in the loss of such qualification or revocation of any such determination; and

(iii) none of the Benefit Plans provides for post-retirement health, welfare or life insurance benefits, except as otherwise required by law.

(c) Each Benefit Plan has been established, maintained and administered in all material respects in accordance with its terms and with all applicable Laws, including applicable provisions of ERISA and the Code.

(d) With respect to any Benefit Plan subject to Title IV of ERISA, (i) no liability under Title IV of ERISA has been incurred that has not been satisfied in full and no condition exists that is reasonably expected to cause any of the Hostess Entities to incur liability thereunder, other than liability for premiums due to the Pension Benefit Guaranty Corporation (which premiums have been paid when due), (ii) no failure to satisfy the “minimum funding standards” within the meaning of Section 302 of ERISA and Section 412 of the Code (whether or not waived) has occurred, (iii) all contributions required to be made to any such plan have been timely made, and (iv) there has been no determination that any such plan is, or is expected to be, in “at risk” status (within the meaning of Section 303 of ERISA).

(e) With respect to any Benefit Plan, no Legal Proceedings (other than routine claims for benefits in the ordinary course) are pending, or, to the Knowledge of the Sellers, threatened against any Benefit Plan, the assets of any of the trusts under such plans or the plan sponsor or administrator, or against any fiduciary of any Benefit Plan with respect to the operation thereof, and to the Knowledge of the Sellers, no facts or circumstances exist that could reasonably be expected to give rise to any such Legal Proceeding.

(f) Except as set forth on Section 4.11(f) of the Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the Transactions will, either alone or in connection with any other events, (i) give rise to liability for severance, termination or other payment or benefit becoming due to any current or former employee, director or independent contractor of any of the Hostess Entities, (ii) result in any acceleration of the time of payment, funding or vesting of any benefits to any current or former employee, director or independent contractor of any of the Hostess Entities, or (iii) increase the amount of compensation or benefits due to any current or former employee, director or independent contractor (or their respective beneficiaries) of any of the Hostess Entities.

(g) Except as set forth on Section 4.11(g) of the Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the Transactions will, either alone or in connection with any other events(s) give rise to any “excess parachute payment” as defined in Section 280G(b)(1) of the Code or any other amounts that would fail to be deductible for U.S. federal Income Tax purposes by virtue of Section 280G of the Code.

(h) Section 4.11(h) of the Disclosure Schedule sets forth a true and correct list of each holder of an outstanding award under the LTIP as of the date hereof (or to be issued prior to Closing) and the outstanding amount of such holder’s award.

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**Section 4.12. Labor and Employment Matters.**

(a) Except as set forth on Section 4.12(a) of the Disclosure Schedule, no Hostess Entity is party to any written employment agreements that obligate such Hostess Entity to pay an annual salary to an employee of such Hostess Entity in excess of \$150,000 annually, other than written employment agreements that are terminable at will by such Hostess Entity, without penalty.

(b) There are no strikes, work stoppages, slowdowns, lockouts, pickets, arbitrations, grievances, unfair labor practice charges, complaints or other labor disputes pending or, to the Knowledge of the Sellers, threatened against or involving any Hostess Entity, except for such events or circumstances that would not, individually or in the aggregate, reasonably be expected to have a material and adverse effect on any Hostess Entity. Except as set forth on Section 4.12(b) of the Disclosure Schedule, no Hostess Entity is party to any collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to the employees of any Hostess Entity. The Sellers have made available to the Buyer true and correct copies of the labor or collective bargaining agreements listed on Section 4.12(b) of the Disclosure Schedule, together with all amendments, modifications, or supplements thereto.

(c) No labor organization or group of employees of any Hostess Entity has made a pending demand for recognition, and there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of the Sellers, threatened to be brought or filed, with the National Labor Relations Board or other labor relations tribunal. There is no organizing activity by any labor union with respect to employees of any Hostess Entity pending or, to the Knowledge of the Sellers, threatened by any labor organization or group of employees of any Hostess Entity.

(d) Except as set forth on Section 4.12(d) of the Disclosure Schedule, there are no complaints, charges or claims against any Hostess Entity pending or, to the Knowledge of the Sellers, threatened that could be brought or filed, with any Governmental Body or based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment or failure to employ by any Hostess Entity, of any individual. Each Hostess Entity is in compliance with all Laws relating to the employment of labor, including all such Laws relating to wages, hours, collective bargaining, discrimination, civil rights, safety and health, workers' compensation and the collection and payment of withholding and/or social security taxes and any similar Tax, except to the extent that such noncompliance would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect.

(e) Except as set forth on Section 4.12(e) of the Disclosure Schedule, the Hostess Entities have not closed any plant or facility or effectuated any layoffs of employees within the past three years without complying with the Worker Adjustment and Retraining Notification Act, as amended, and any similar state or local statute, rule or regulation (collectively, the "**WARN Act**"), nor has any plant closure or mass layoff (as such terms are defined under the WARN Act) with respect to any Hostess Entity been planned or announced. There has been no "mass layoff" or "plant closing" (as defined under the WARN Act) with respect to any Hostess Entity within the six months prior to the Closing.

**Section 4.13. Environmental Matters.** Except as would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect or except as disclosed on Section 4.13 of the Disclosure Schedule: (a) the Hostess Entities are in compliance with all Environmental Laws, (b) since April 9, 2013, no Hostess Entity has received any notice of any alleged violation of, or liability under, any Environmental Law that are unresolved, (c) there are no Legal Proceedings pending or, to the Knowledge of the Sellers, threatened against any Hostess Entity alleging a violation of, or liability under, any Environmental Law, (d) the Hostess Entities hold and are in compliance with, and since April 9, 2013, have held and been in compliance with, all Permits required under Environmental Law for the operations of the Hostess Entities, (e) there has been no release or threatened release of any chemicals, petroleum, pollutants, contaminants or hazardous or toxic materials, substances or wastes at, on, under or from any property in quantities or circumstances that would reasonably be likely to result in liability to any Hostess Entity and (f) no Hostess Entity has assumed by Contract any liabilities of another Person arising under, or relating to, Environmental Law. The Sellers have made available to the Buyer copies of all material environmental assessments, audits, reports and other material environmental documentation relating to the Hostess Entities that are in its possession or control.

**Section 4.14. Insurance.** Each of the Hostess Entities and their respective businesses and properties is insured to the extent specified under the insurance policies listed on Section 4.14 of the Disclosure Schedule, and such insurance policies are in full force and effect. No written notice of cancellation or termination has been received by any Hostess Entity with respect to any such policies that have not been replaced on substantially similar terms prior to the date of such cancellation or termination. There is no pending material claim by any Hostess Entity against any insurance carrier under any such insurance policy for which coverage has been denied or disputed by the applicable insurance carrier (other than a customary reservation of rights notice).

**Section 4.15. Taxes.** Except as set forth on Section 4.15 of the Disclosure Schedule:

(a) All material Tax Returns required to have been filed by the Hostess Entities have been timely filed and all such Tax Returns are true, correct and complete in all material respects. All material amounts of Taxes required to be paid by any Hostess Entity (whether or not shown on such Tax Returns) have been timely paid. Each of the Hostess Entities has made full and adequate provision in their books and records and Financial Statements in accordance with GAAP for all Taxes which are not yet due and payable.

(b) The Sellers have not received any written notice of any audit, investigation or other proceeding pending against any of the Hostess Entities in respect of any Taxes and no such audit, investigation or other proceeding has been threatened in writing. All deficiencies asserted or assessments made as a result of any audit, examination or other proceeding by any taxing authority of the Tax Returns of the Hostess Entities or any of have been fully paid, settled or withdrawn. There are no material Liens on any of the assets of any Hostess Entity that arose in connection with any failure (or alleged failure) to pay any Tax, other than Permitted Liens.

(c) The Hostess Entities have timely withheld, collected or deducted and paid to the applicable Taxing Authority all material amounts of Taxes required to have been withheld, collected or deducted and paid in connection with amounts paid or owing to any third party.

(d) No Hostess Entity has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(e) No Hostess Entity (i) is a party to any Tax allocation, Tax indemnity, sharing agreement or similar agreement with respect to Taxes, (ii) has any liability for the Taxes of any Person by reason of Treas. Reg. Section 1.1502-6 (or any analogous provision of state, local or foreign law), Contract (excluding any Contract included in clause (i)), assumption, transferee or successor liability, operation of Law or otherwise, (iii) other than a group of which Superior Cake Products, Inc. is the parent, has ever been a member of an affiliated, consolidated, combined or unitary group filing for federal or state Income Tax purposes, (iv) is subject to any private letter ruling of the IRS or any comparable rulings of any Taxing Authority, (v) has participated in a "reportable transaction" (other than a "loss transaction") within the meaning of Treas. Reg. Section 1.6011-4(b), (vi) has entered into any agreement or arrangement with any taxing authority that requires any Hostess Entity to take any action or to refrain from taking any action, and is not party to any agreement with any Taxing Authority that would be terminated or adversely affected as a result of the transactions contemplated by this Agreement or (vii) has granted any Person any power of attorney that is currently in force with respect to any material Tax matter.

(f) At all times since their formation, each Hostess Entity (other than AP Hostess Holdings, Hostess Superior Cake Products, Inc. and Superior Cake Products, Inc.) has been properly characterized for U.S. federal Income Tax purposes as a partnership or a disregarded entity.

(g) None of the limited partnership interests in Hostess Holdings are subject to allocations with respect to contributed property under Section 704(c) of the Code, and no gain has been recognized by any partner of Hostess Holdings as a result of distributions made by Hostess Holdings.

(h) None of AP Hostess Holdings, Hostess Superior Cake Products, Inc. or Superior Cake Products, Inc. has constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (or as much of Section 356 of the Code as relates to Section 355 of the Code) or Section 361 of the Code in the two years prior to the date of this Agreement.

(i) No claim has been made in writing by any Taxing Authority in a jurisdiction in which any of the Hostess Entities do not file Tax Returns that such applicable Hostess Entity is or may be required to file Tax Returns in that jurisdiction.

(j) None of the Hostess Entities will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date which taxable income was realized (or reflects economic income arising) prior to the Closing Date as a result of any (i) change in

method of accounting for a taxable period ending on or prior to the Closing Date, including by reason of the application of Section 481 of the Code (or any analogous provision of state, local or foreign law), (ii) “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign law) executed on or prior to the Closing Date, (iii) intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 (or any corresponding or similar provision of state, local, or foreign Income Tax law), (iv) installment sale or open transaction disposition made on or prior to the Closing Date; (v) prepaid amount received on or prior to the Closing Date; or (vi) election under Section 108(i) of the Code.

(k) The Buyer will not be subject after the Closing to any limitation under Section 197(f)(9) of the Code on its ability to amortize any intangible of any of the Hostess Entities (other than Hostess Superior Cake Products, Inc. and Superior Cake Products, Inc.) described in Section 197 of the Code.

**Section 4.16. Intellectual Property.**

(a) Section 4.16(a)(i) of the Disclosure Schedule identifies all Intellectual Property that is (i) owned or purported to be owned by any Hostess Entity (solely or jointly with others) and (ii) subject to an application or registration (by name, owner and, where applicable, registration or application number and jurisdiction) (collectively, “Registered IP”). Each item comprising Registered IP has been filed (in the case of applications), duly registered or issued by the official governmental registrars or issuers in all the jurisdictions shown in Section 4.16(a)(i) of the Disclosure Schedule (the “Territory”) and, except as set forth on Section 4.16(a)(ii) of the Disclosure Schedule, is valid and enforceable in each applicable Territory in all material respects. The Hostess Entities collectively are the sole and exclusive owner of all right, title and interest to and in the Hostess Intellectual Property (other than Intellectual Property validly licensed to any of the Hostess Entities or Intellectual Property in the public domain available for use) free and clear of any Liens (other than Permitted Liens and non-exclusive licenses granted by Hostess Entities pursuant to the Contracts listed in Section 4.9(a)(vii) of the Disclosure Schedule. Except as set forth on Section 4.16(a)(iii) of the Disclosure Schedule, all documents and instruments necessary to perfect the rights of the Hostess Entities in the Registered IP have been validly executed, delivered and filed in a timely manner with the appropriate Governmental Entities. Except as set forth on Section 4.16(a)(iv) of the Disclosure Schedule, each item comprising Registered IP is and at all times has been in compliance with all legal requirements, and all filings, payments, and other actions required to be made or taken to maintain such item comprising Registered IP in full force and effect have been made and taken by the applicable deadline or (where the Hostess Entities are entitled to extensions) extensions have been timely filed to extend such deadlines.

(b) The Hostess Entities own or have adequate rights to use the Intellectual Property necessary for the Hostess Entities to operate their businesses as currently conducted.

(c) Except as set forth on Section 4.16(c) of the Disclosure Schedule or as would not reasonably be expected to have, individually or in the aggregate, a Hostess Material Adverse Effect, (i) no trademark or trade name comprising Registered IP (or material trademark or tradename that is not Registered IP) owned, used, or applied for by any of the Hostess Entities infringes upon or dilutes any trademark or trade name owned, used or applied for by any other

Person, and (ii) no event or circumstance has occurred or exists that has resulted in, or could reasonably be expected to result in, the abandonment of any trademark or trade name comprising Registered IP (or material trademark or tradename that is not Registered IP) owned, used or applied for by any of the Hostess Entities.

(d) Except as set forth in Section 4.16(d)(i) of the Disclosure Schedule, there is no (i) material infringement or claimed material infringement by any Hostess Entity of any Intellectual Property owned by any one or more third parties or (ii) to the Knowledge of the Sellers, any material infringement by a third party of any Intellectual Property owned by any Hostess Entity. Except as set forth in Section 4.16(d)(ii) of the Disclosure Schedule, no material Legal Proceeding (including any interference, opposition, reissue, reexamination, or other proceeding) is, or since April 9, 2013 has been, pending or, to the Knowledge of the Sellers, threatened, in which the scope, validity, or enforceability of any Registered IP (or any material trademark or tradename that is not Registered IP) owned or purported to be owned by any of the Hostess Entities (solely or jointly with others) is being, has been, or could reasonably be expected to be contested or challenged.

(e) The Hostess Entities have taken reasonable steps to maintain the confidentiality of and otherwise protect and enforce their rights in all trade secrets and other proprietary or confidential information pertaining to the Hostess Entities, the Hostess Entities Intellectual Property, Products or the business of the Hostess Entities (including any confidential information owned by any Person to whom any of the Hostess Entities has a confidentiality obligation).

(f) This Section 4.16, together with Section 4.4, Section 4.7 and Section 4.9, contains the sole and exclusive representations and warranties relating to Intellectual Property infringement matters.

**Section 4.17. Absence of Undisclosed Liabilities.** Except as set forth on Section 4.17 of the Disclosure Schedule, no Hostess Entity has any material liability, absolute or contingent (whether or not of a nature required by GAAP to be reflected in a consolidated corporate balance sheet), except liabilities, obligations or contingencies that (a) are accrued or reserved against in the Financial Statements or (b) were incurred or accrued in the ordinary course of business since the Interim Balance Sheet Date.

**Section 4.18. Indebtedness.** Section 4.18(a) of the Disclosure Schedule sets forth the outstanding principal amount of Rollover Indebtedness as of the date hereof. Section 4.18(b) of the Disclosure Schedule sets forth the principal amount of all of the outstanding Indebtedness, as of the date hereof, of the Hostess Entities, other than the Rollover Indebtedness. As of the date hereof, no Rollover Credit Agreement Default has occurred and is continuing.

**Section 4.19. Affiliate Transactions.** Except as set forth on Section 4.9(a)(i) of the Disclosure Schedule or Section 4.19 of the Disclosure Schedule, there are no Contracts between or among any Hostess Entity, on the one hand, and any officer, director or equityholders of any Hostess Entity or, to the Knowledge of the Sellers, any Affiliate of any officer, director or equityholders of any Hostess Entity, on the other hand.



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**Section 4.20. Major Customers and Major Suppliers.**

(a) Section 4.20(a)(1) of the Disclosure Schedule sets forth a list of the Major Suppliers. Except as set forth on Section 4.20(a)(2) of the Disclosure Schedule, no Hostess Entity is engaged in any material dispute with any Major Supplier and no Major Supplier has (i) cancelled or terminated any Contract with any Hostess Entity or indicated its intent to do so or (ii) terminated or indicated its intent to materially limit or modify, or, to the Knowledge of the Sellers, threatened to terminate or materially limit or modify, its business relations with any Hostess Entity.

(b) Section 4.20(b) of the Disclosure Schedule sets forth a list of the Major Customers. No Hostess Entity is engaged in any material dispute with any Major Customer and no Major Customer has (i) cancelled or terminated any Contract with any Hostess Entity or indicated its intent to do so or (ii) terminated or indicated its intent to materially limit or modify, or, to the Knowledge of the Sellers, threatened to terminate or materially limit or modify, its business relations with any Hostess Entity.

**Section 4.21. Inventory.** Except as set forth on Section 4.21 of the Disclosure Schedule, the inventory of the Hostess Entities is at a normal and customary level consistent with the normal pattern of the business of the Hostess Entities and consists of a quality and quantity usable and salable in the ordinary course of business, except for obsolete items and items of below standard quality, all of which have been written off or written down to the lower of cost or market on the Interim Financial Statements or, with respect to inventory acquired since such date, on the accounting records of the Hostess Entities, as the case may be.

**Section 4.22. Sufficiency of Assets.** The Hostess Entities have good and marketable title to, or, in the case of leased properties and assets, valid leasehold interests in, all of the material items of tangible personal property used or held for use in the business of the Hostess Entities, free and clear of any and all Liens, other than the Permitted Liens and such imperfections of title, if any, that do not materially interfere with the present value of such property. All such items of tangible personal property that are material to the operation of the business of the Hostess Entities are in reasonably good condition and in a state of reasonably good maintenance and repair (ordinary wear and tear excepted) and are suitable for the purposes used. The tangible assets owned or leased by the Hostess Entities constitute all of the tangible assets reasonably necessary for the continued conduct of the business of the Hostess Entities after the Closing, in each case, in the same manner and in all respects as conducted as of the date hereof.

**Section 4.23. Product Warranty.** Except as set forth on Section 4.23 of the Disclosure Schedule, there are no warranties outstanding with respect to any Products beyond those set forth in the standard conditions of sale of such Products, and, to the Knowledge of the Sellers, each Product that has been manufactured as of the date hereof contains all warnings required by applicable Law.

**Section 4.24. Product Recalls.** Except as set forth on Section 4.24 of the Disclosure Schedule, since April 9, 2013, (a) no Products distributed by any Hostess Entity have been the subject of any voluntary or mandatory recall, public notification, or notification to any Governmental Entity, or similar action and, to the Knowledge of the Sellers, there has been no reasonable basis for, and no Hostess Entity is considering, any such recall, public notification, notification to any Governmental Entity, or similar action, (b) no customer or subsequent

purchaser of any such Product has asserted a claim with respect to any nonconformity of any such Product with applicable customer specifications, warranties, labeling requirements, regulatory requirement, quality control or similar standards, whether contractual, statutory, regulatory or imposed by Hostess Entity policies that would reasonably be likely to result in material liability to any Hostess Entity, and (c) no consumer, customer, Governmental Entity, or other third party has communicated to any Hostess Entity any contention that any food products were (i) unwholesome, unsanitary, injurious to health, or (ii) were otherwise adulterated or misbranded, as those terms are defined in the Federal Food, Drug, and Cosmetic Act, in each case that would reasonably be likely to result in material liability to the Hostess Entities taken as a whole.

**Section 4.25. Accounts Receivable.** Except as set forth on Section 4.25 of the Disclosure Schedule, the Accounts Receivable of the Hostess Entities are (a) valid and genuine and have arisen solely out of bona fide sales and deliveries of goods, performance of services and other business transactions in the ordinary course of business consistent with past practice and (b) not subject to valid defenses, set offs or counterclaims. No further goods or services are required to be provided in order to complete the sales and to entitle the Hostess Entities or their assignees to collect the Accounts Receivable in full and none of the Accounts Receivable has been pledged or assigned to any Person.

**Section 4.26. Foreign Corrupt Practices Act.** None of the Hostess Entities or, to the Knowledge of the Sellers, any of the Hostess Entities' respective directors, officers, employees, Affiliates or any other Persons acting on their behalf has, in connection with the operation the business of the Hostess Entities, (i) made, offered or promised to make or offer any payment, loan or transfer of anything of value, including any reward, advantage or benefit of any kind, to or for the benefit of any government official, candidate for public office, political party or political campaign, or any official of such party or campaign, for the purpose of (A) influencing any act or decision of such government official, candidate, party or campaign or any official of such party or campaign, (B) inducing such government official, candidate, party or campaign or any official of such party or campaign to do or omit to do any act in violation of a lawful duty, (C) obtaining or retaining business for or with any Person, (D) expediting or securing the performance of official acts of a routine nature, or (E) otherwise securing any improper advantage, (ii) paid, offered or agreed or promised to make or offer any bribe, payoff, influence payment, kickback, unlawful rebate or other similar unlawful payment of any nature, (iii) made, offered or agreed or promised to make or offer any unlawful contributions, gifts, entertainment or other unlawful expenditures; (iv) established or maintained any unlawful fund of corporate monies or other properties; (v) created or caused the creation of any false or inaccurate books and records related to any of the foregoing; (vi) otherwise violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§78dd-1, et seq. ("FCPA"), the United Kingdom Bribery Act of 2010 (the "**Bribery Act**") or any other applicable anti-corruption or anti-bribery Law or (vii) violated or operated in noncompliance with any export restrictions, anti-boycott regulations, embargo regulations or other applicable Laws.

**Section 4.27. Brokers.** Other than fees or commissions for which the Sellers will be solely responsible, no Hostess Entity has any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the Transactions.

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**Section 4.28. Information Supplied.** None of the information supplied or to be supplied by the Sellers or the Hostess Entities for inclusion or incorporation by reference in the Proxy Statement will, at the date the Proxy Statement is first mailed to the Buyer's stockholders or at the time of the Buyer Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, the Sellers make no representation, warranty or covenant with respect to statements made or incorporated by reference therein based on information supplied by the Buyer or Merger Sub for inclusion or incorporation by reference in the Proxy Statement or any Buyer SEC Reports.

**Section 4.29. Disclaimer of Warranties.** EXCEPT AS SET FORTH IN ARTICLE III AND THIS ARTICLE IV, THE CLOSING HOSTESS SECURITIES AND THE ASSETS AND PROPERTIES OF THE HOSTESS ENTITIES ARE BEING SOLD ON AN "AS IS", "WHERE IS" BASIS AS OF THE CLOSING, AND IN THEIR CONDITION AS OF THE CLOSING, WITH "ALL FAULTS" AND, EXCEPT AS SET FORTH IN ARTICLE III AND THIS ARTICLE IV, NONE OF THE SELLERS, THEIR RESPECTIVE AFFILIATES OR ANY OF THEIR RESPECTIVE RELATED PARTIES MAKE OR HAVE MADE, AND THE BUYER IS NOT RELYING ON, ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF THE HOSTESS SECURITIES, THE CLOSING HOSTESS SECURITIES OR THE ASSETS AND PROPERTIES OF THE HOSTESS ENTITIES, INCLUDING WITH RESPECT TO (A) MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, (B) THE OPERATION OF THE BUSINESS OF THE HOSTESS ENTITIES BY THE BUYER AFTER THE CLOSING OR (C) THE PROBABLE SUCCESS OR PROFITABILITY OF THE BUSINESS OF THE HOSTESS ENTITIES AFTER THE CLOSING. EXCEPT AS SET FORTH IN ARTICLE IX, NONE OF THE SELLERS, THEIR RESPECTIVE AFFILIATES OR ANY OF THEIR RESPECTIVE RELATED PARTIES WILL HAVE OR BE SUBJECT TO ANY LIABILITY OR INDEMNIFICATION OBLIGATION TO THE BUYER OR ANY OTHER PERSON RESULTING FROM THE DISTRIBUTION TO THE BUYER, ITS AFFILIATES OR REPRESENTATIVES OF, OR THE BUYER'S USE OF OR RELIANCE ON, ANY INFORMATION RELATING TO THE BUSINESS OF THE HOSTESS ENTITIES, THE HOSTESS SECURITIES, THE CLOSING HOSTESS SECURITIES OR THE ASSETS AND PROPERTIES OF THE HOSTESS ENTITIES, INCLUDING ANY INFORMATION, DOCUMENTS OR MATERIAL MADE AVAILABLE TO THE BUYER, WHETHER ORALLY OR IN WRITING, IN CERTAIN "DATA ROOMS", MANAGEMENT PRESENTATIONS, FUNCTIONAL "BREAK OUT" DISCUSSIONS, RESPONSES TO QUESTIONS SUBMITTED ON BEHALF OF THE BUYER OR IN ANY OTHER FORM IN EXPECTATION OF THE TRANSACTIONS. ANY SUCH OTHER REPRESENTATION OR WARRANTY IS HEREBY EXPRESSLY DISCLAIMED. NOTWITHSTANDING ANYTHING IN THIS SECTION 4.29 OR ELSEWHERE IN THIS AGREEMENT TO THE CONTRARY, NOTHING IN THIS AGREEMENT SHALL LIMIT OR RESTRICT, OR BE USED AS A DEFENSE AGAINST, THE RIGHT OF ANY INDEMNITEE TO RELY ON AND ENFORCE THE REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS SET FORTH IN THIS AGREEMENT OR IN ANY OTHER TRANSACTION DOCUMENT, OR WAIVE OR LIMIT IN ANY MANNER ANY INDEMNITEE'S RIGHTS OR REMEDIES IN THE EVENT OF FRAUD, WITH SPECIFIC INTENT TO DECEIVE AND

MISLEAD THE INDEMNITEE, REGARDING THE REPRESENTATIONS AND WARRANTIES MADE HEREIN OR IN ANY SCHEDULE, EXHIBIT OR CERTIFICATE DELIVERED PURSUANT HERETO.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Sellers (but with respect to Section 5.23, solely to AP Hostess LP) that each statement contained in this Article V is true and correct as of the date hereof, except as set forth or incorporated by reference in the Buyer SEC Reports (excluding disclosures referred to in any “Risk Factors” contained therein).

**Section 5.1. Organization and Existence.** Each of the Buyer and Merger Sub is a corporation duly incorporated, validly existing and in good standing under the Laws of Delaware.

**Section 5.2. Authority and Enforceability.** The Buyer and Merger Sub have the requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which each of them is a party, to perform their respective obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by each of the Buyer and Merger Sub of this Agreement the other Transaction Documents to which each of them is a party, and the consummation by the Buyer and Merger Sub of the Transactions, as applicable, have been duly authorized by all necessary action on the part of the Buyer and Merger Sub, and no other action is necessary on the part of the Buyer or Merger Sub to authorize this Agreement or the other Transaction Documents to which each of them is or will be a party or to consummate the Transactions. This Agreement has been, and the other Transaction Documents to which the Buyer and Merger Sub are or will be a party will be at Closing, duly executed and delivered by the Buyer and Merger Sub, as applicable, and, assuming the due authorization, execution and delivery by each other party hereto and thereto, this Agreement constitutes, and the other Transaction Documents to which the Buyer or Merger Sub are a party will constitute at Closing, legal, valid and binding obligations of the Buyer and Merger Sub, as applicable, enforceable against the Buyer and Merger Sub, as applicable, in accordance with their terms, except as limited by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors’ rights generally and (b) general principles of equity, whether such enforceability is considered in a proceeding in equity or at Law.

**Section 5.3. Noncontravention.**

(a) Neither the execution, delivery and performance by the Buyer or Merger Sub of this Agreement or the other Transaction Documents to which each of them is a party, nor the consummation of the Transactions, will, with or without the giving of notice or the lapse of time or both, (i) violate any provision of the Organizational Documents of the Buyer or Merger Sub, (ii) violate any Law or Order applicable to the Buyer or Merger Sub or (iii) result in a breach of or default under, require consent under, violate, or result in the creation of a Lien on any of the properties or assets of the Buyer or Merger Sub pursuant to, any Contract to which the

Buyer or Merger Sub is a party, except in the case of clause (iii) to the extent that any such violation, breach, default or requirement would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Buyer's or Merger Sub's ability to perform its obligations hereunder.

(b) No Permit of, or Filing is required in connection with the execution and delivery by the Buyer or Merger Sub of this Agreement and the other Transaction Documents to which each of them is or will be a party, the performance by the Buyer or Merger Sub of their respective obligations hereunder and thereunder and the consummation by the Buyer or Merger Sub of the Transactions, as applicable, other than Permits and Filings that have been obtained or made by the Buyer or Merger Sub prior to the date hereof.

**Section 5.4. Capitalization.**

(a) As of the date hereof, the authorized Buyer Capital Stock consists of (i) 200,000,000 shares of Buyer Class A Common Stock, (ii) 20,000,000 shares of Buyer Class F Common Stock, and (iii) 1,000,000 shares of Buyer Preferred Stock. The issued and outstanding Buyer Capital Stock consists of (A) 37,500,000 shares of Buyer Class A Common Stock (B) 9,375,000 shares of Buyer Class F Common Stock, and (C) zero shares of Buyer Preferred Stock, and, upon the closing of the transactions contemplated in the Subscription Agreements and this Agreement, the Buyer has committed to cancel up to 4,562,500 shares of Buyer Class F Common Stock. At all times from the date of this Agreement through the Closing, the Buyer will own all of the issued and outstanding shares of capital stock of Merger Sub. Immediately following the Closing, the issued and outstanding shares of Buyer Capital Stock will consist of (A) a number of shares of Buyer Class A Common Stock equal to (I) the number of shares of Buyer Class A Common Stock issued to AP Hostess LP pursuant to Section 2.4(b)(iv), plus (II) the number of shares of Buyer Class A Common Stock set forth in the Buyer Financing Certificate, plus, (III) the number of shares of Buyer Class A Common Stock issued to C. Dean Metropoulos pursuant to the Executive Chairman Agreement, (B) the number of shares of Buyer Class B Common Stock issued to Hostess CDM Co-Invest and CDM Hostess pursuant to Section 2.4(b)(v) and Section 2.4(b)(vi), respectively, (C) zero shares of Buyer Class F Common Stock, and (D) zero shares of Buyer Preferred Stock.

(b) As of the date hereof, the Buyer has issued 56,500,000 warrants (the "**Buyer Warrants**"), each such Buyer Warrant entitling the holder thereof to purchase one-half of one share of Buyer Class A Common Stock on the terms and conditions set forth in applicable warrant agreement. Immediately following the Closing, the Buyer will have 56,500,000 Warrants issued and outstanding.

(c) Other than the Buyer Class F Common Stock and the Buyer Warrants, and except as provided for in the Transaction Documents, there are no options, warrants, rights, convertible or exchangeable securities, "phantom" stock rights, stock appreciation rights, stock-based performance units, commitments or Contracts of any kind to which the Buyer or Merger Sub is a party or by which either of them is bound obligating the Buyer or Merger Sub to issue, deliver or sell, or cause to be issued, delivered or sold, additional Equity Interests in, or any security convertible or exercisable for or exchangeable into any Equity Interests in the Buyer or Merger Sub.

(d) Each holder of any of the shares of Buyer Capital Stock initially issued to Buyer Sponsor in connection with the Buyer's initial public offering (i) is obligated to vote all of such shares of Buyer Common Stock in favor of approving the Transactions and (ii) is not entitled to elect to redeem any of such shares of Buyer Common Stock pursuant to the Buyer's Organizational Documents.

(e) All issued and outstanding shares of Buyer Capital Stock have been duly authorized and validly issued, are fully paid and non-assessable and were issued in compliance with all applicable Laws and are not subject to and were not issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of any applicable Laws, the Organizational Documents of the Buyer or any Contract to which the Buyer is a party or otherwise bound. All outstanding Buyer Warrants have been duly authorized and validly issued, are fully paid and were issued in compliance with all applicable Laws and are not subject to and were not issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of any applicable Laws, the Organizational Documents of the Buyer or any Contract to which the Buyer is a party or otherwise bound.

(f) The Stock Consideration, when issued in accordance with the terms of this Agreement and the other Transaction Documents, as applicable, shall be duly authorized, validly issued, fully paid and non-assessable, issued to the Sellers free and clear of all Liens (other than other than Liens arising pursuant to applicable securities Laws).

**Section 5.5. Subsidiaries.** Except for Merger Sub, the Buyer has no Subsidiaries and does not own, directly or indirectly, any Equity Interests or other interests or investments (whether equity or debt) in any Person, whether incorporated or unincorporated. Except as provided for in the Transaction Documents, neither the Buyer nor Merger Sub is party to any Contract that obligates the Buyer or Merger Sub to invest money in, loan money to or make any capital contribution to any other Person.

**Section 5.6. Taxes.**

(a) The Buyer has timely filed or has caused to be timely filed all material Tax Returns required to be filed by it (taking into account any validly obtained extension of time within which to file), and all such Tax Returns are true, complete and accurate in all material respects. The Buyer has paid or caused to be paid all material Taxes due and owing by it, other than Taxes that are being contested in good faith through appropriate proceedings for which appropriate reserves have been established.

(b) No deficiencies for any material Taxes (other than Taxes that are not yet due and payable or that are being contested in good faith and for which appropriate reserves have been established) have been proposed, asserted, assessed or threatened in writing against the Buyer which have not been settled and paid. All written assessments for material Taxes due and owing by the Buyer with respect to completed and settled examinations or concluded litigation have been paid. There is no currently effective agreement or other document with respect to the Buyer extending the period of assessment or collection of any material Taxes. There are no material Liens for Taxes on any of the assets of the Buyer other than Permitted Liens. Since the date of Buyer's incorporation or organization, as applicable, it has not been a "controlled

corporation” or a “distributing corporation” in any distribution that was purported or intended to be governed by Section 355 of the Code (or any similar provision of state, local or foreign Law). The Buyer has not engaged in any “listed transaction” within the meaning of Section 6011 of the Code.

**Section 5.7. Buyer Material Contracts.** The Buyer is not party to any Contract that is material to the Buyer, other than the Buyer Material Contracts. The Buyer has performed all material obligations required to be performed by it to date under the Buyer Material Contracts and is not (with or without the lapse of time or the giving of notice, or both) in breach or default thereunder in any material respect.

**Section 5.8. Employees; Benefit Plans.** Other than any former officers or as described in the Buyer SEC Reports, the Buyer has never had any employees. Other than reimbursement of any out-of-pocket expenses incurred by the Buyer’s officers and directors in connection with activities on the Buyer’s behalf in an aggregate amount not in excess of the amount of cash held by the Buyer outside of the Trust Account, the Buyer has no unsatisfied material liability with respect to any employee. The Buyer does not currently maintain or have any direct liability under any Benefit Plan, and neither the execution and delivery of this Agreement or the other Transaction Documents nor the consummation of the Transactions will (i) result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director, officer or employee of the Buyer, or (ii) result in the acceleration of the time of payment or vesting of any such benefits.

**Section 5.9. Compliance with Laws.** The Buyer has at all times since its incorporation or organization, as applicable, been and is in compliance in all material respects with all Laws and Orders applicable to its businesses or operations. The Buyer has not received any written notice or, to the Knowledge of the Buyer, oral notice to the effect that a Governmental Entity has claimed or alleged that Buyer was not in compliance in all material respects with all Laws and Orders applicable to the Buyer or its business or properties.

**Section 5.10. Affiliate Transactions.** Except as described in the Buyer SEC Reports, no Contract between the Buyer, on the one hand, and any of the present or former directors, officers, employees, stockholders or warrant holders or Affiliates of the Buyer (or an immediate family member of any of the foregoing), on the other hand, will continue in effect following the Closing, other than any such Contract that is not material to the Buyer.

**Section 5.11. Buyer SEC Reports; Financial Statements.**

(a) The Buyer has filed all forms, reports, schedules, statements and other documents, including any exhibits thereto, required to be filed or furnished by the Buyer with the SEC under the Exchange Act or the Securities Act since the Buyer’s incorporation to the date of this Agreement, together with any amendments, restatements or supplements thereto (all of the foregoing filed prior to the date of this Agreement, the “**Buyer SEC Reports**”), and will have filed all such forms, reports, schedules, statements and other documents required to be filed subsequent to the date of this Agreement through the Closing Date (the “**Additional Buyer SEC Reports**”). All Buyer SEC Reports, Additional Buyer SEC Reports, any correspondence from or to the SEC or Nasdaq Stock Market, Inc. (“**NASDAQ**”) (other than such correspondence in connection with the initial public offering of the Buyer) and all certifications and statements

required by (i) Rule 13a-14 or 15d-14 under the Exchange Act, or (ii) 18 U.S.C. § 1350 (Section 906) of the Sarbanes-Oxley Act with respect to any of the foregoing (collectively, the “**Certifications**”) are available on EDGAR in full without redaction. The Buyer has heretofore furnished to the Sellers true and correct copies of all amendments and modifications that have not been filed by the Buyer with the SEC to all agreements, documents and other instruments that previously had been filed by the Buyer with the SEC and are currently in effect. The Buyer SEC Reports were, and the Additional Buyer SEC Reports will be, prepared in accordance with the requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act, as the case may be, and the rules and regulations thereunder. The Buyer SEC Reports did not, and the Additional Buyer SEC Reports will not, at the time they were or are filed, as the case may be, with the SEC contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The Certifications are each true and correct. The Buyer maintains disclosure controls and procedures required by Rule 13a-15(e) or 15d-15(e) under the Exchange Act. Each director and executive officer of the Buyer has filed with the SEC on a timely basis all statements required with respect to the Buyer by Section 16(a) of the Exchange Act and the rules and regulations thereunder. As used in this Section 5.11, the term “file” shall be broadly construed to include any manner in which a document or information is furnished, supplied or otherwise made available to the SEC or NASDAQ.

(b) The financial statements and notes contained or incorporated by reference in the Buyer SEC Reports fairly present, and the financial statements and notes to be contained in or to be incorporated by reference in the Additional Buyer SEC Reports will fairly present, the financial condition and the results of operations, changes in stockholders’ equity and cash flows of the Buyer as at the respective dates of, and for the periods referred to, in such financial statements, all in accordance with (i) GAAP and (ii) Regulation S-X or Regulation S-K, as applicable, subject, in the case of interim financial statements, to normal recurring year-end adjustments (the effect of which will not, individually or in the aggregate, be material) and the omission of notes to the extent permitted by Regulation S-X or Regulation S-K, as applicable. The Buyer has no off-balance sheet arrangements that are not disclosed in the Buyer SEC Reports. No financial statements other than those of the Buyer are required by GAAP to be included in the consolidated financial statements of the Buyer.

**Section 5.12. Information Supplied.** None of the information supplied or to be supplied by the Buyer for inclusion or incorporation by reference in the Proxy Statement will, at the date the Proxy Statement is first mailed to the Buyer’s stockholders or at the time of the Buyer Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, the Buyer makes no representation, warranty or covenant with respect to (a) statements made or incorporated by reference therein based on information supplied by the Sellers for inclusion or incorporation by reference in the Proxy Statement or (b) any projections or forecasts included in the Proxy Statement.

**Section 5.13. NASDAQ Stock Market Quotation.** The issued and outstanding shares of Buyer Capital Stock are registered pursuant to Section 12(b) of the Exchange Act and



are listed for trading on the NASDAQ Capital Market under the symbol “GRSH”. The issued and outstanding Buyer Warrants are registered pursuant to Section 12(b) of the Exchange Act and are listed for trading on the NASDAQ Capital Market under the symbol “GRSHW”. The Buyer is a member in good standing with NASDAQ Capital Market. There is no action or proceeding pending or, to the Knowledge of the Buyer, threatened (in writing) against the Buyer by the NASDAQ or the SEC with respect to any intention by such entity to deregister the Buyer Capital Stock or Buyer Warrants or terminate the listing of the Buyer on the NASDAQ Capital Market. None of the Buyer or any of its Affiliates has taken any action in an attempt to terminate the registration of the Buyer Capital Stock or the Buyer Warrants under the Exchange Act.

**Section 5.14. Board Approval; Stockholder Vote.** The board of directors of the Buyer (including any required committee or subgroup of the board of directors of the Buyer) has, as of the date of this Agreement, unanimously (a) approved and declared the advisability of this Agreement, the other Transaction Documents and the consummation of the Transactions, and (b) determined that the consummation of the Transactions is in the best interest of the stockholders of the Buyer. Other than the Buyer Stockholder Approval, no other corporate proceedings on the part of the Buyer are necessary to approve the consummation of the Transactions.

**Section 5.15. Investment Company Act.** The Buyer is not, and following the Closing will continue not to be, an “investment company” or a Person directly or indirectly “controlled” by or acting on behalf of an “investment company”, in each case within the meaning of the Investment Company Act. The Buyer constitutes an “emerging growth company” within the meaning of the JOBS Act.

**Section 5.16. Co-Investor Amount.** Exhibit J sets forth true, accurate and complete copies of each of the subscription agreements (the “**Subscription Agreements**”) entered into by the Buyer with the applicable investors named therein (collectively, the “**Co-Investors**”), pursuant to which the Co-Investors have committed to provide equity financing to the Buyer in the aggregate amount of \$300,000,000 (the “**Co-Investor Amount**”). The Co-Investor Amount, together with the amount in the Trust Account at the Closing, are in the aggregate sufficient to enable the Buyer to (a) pay all cash amounts required to be paid by the Buyer or Merger Sub under or in connection with this Agreement and (b) pay any and all fees and expenses of or payable by the Buyer with respect to the Transactions. To the Buyer’s Knowledge with respect to each Co-Investor, the Subscription Agreements are in full force and effect and have not been withdrawn or terminated, or otherwise amended or modified, in any respect, and no withdrawal, termination, amendment or modification is contemplated by the Buyer. Each Subscription Agreement is a legal, valid and binding obligation of the Buyer and, to the Buyer’s Knowledge, each Co-Investor. The Subscription Agreements provide that the Sellers’ Representative is a third-party beneficiary thereof and is entitled to enforce such agreements. There are no other agreements, side letters, or arrangements between the Buyer and any Co-Investor relating to any Subscription Agreement, that could affect the obligation of the Co-Investors to contribute to the Buyer the applicable portion of the Co-Investor Amount set forth in the Subscription Agreements, and the Buyer does not know of any facts or circumstances that may reasonably be expected to result in any of the conditions set forth in any Subscription Agreement not being satisfied, or the Co-Investor Amount not being available to the Buyer, on

the Closing Date. No event has occurred that, with or without notice, lapse of time or both, would constitute a default or breach on the part of the Buyer under any material term or condition of any Subscription Agreement and, as of the date hereof, the Buyer has no reason to believe that it will be unable to satisfy in all material respects on a timely basis any term or condition of closing to be satisfied by it contained in any Subscription Agreement. The Subscription Agreements contain all of the conditions precedent (other than the conditions contained in the other Transaction Documents) to the obligations of the Co-Investors to contribute to the Buyer the applicable portion of the Co-Investor Amount set forth in the Subscription Agreements on the terms therein.

**Section 5.17. Trust Account.**

(a) As of the date hereof, the Buyer has at least \$375,000,000 in the account established by the Buyer for the benefit of its public stockholders (the “**Trust Account**”), with such funds invested in United States Government securities or money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act and held in trust by Continental Stock Transfer & Trust Company (the “**Trustee**”) pursuant to the Investment Management Trust Agreement, dated as of August 13, 2015, by and between the Buyer and the Trustee (the “**Trust Agreement**”). Other than pursuant to the Trust Agreement and the Subscription Agreements, the obligations of the Buyer under this Agreement are not subject to any conditions regarding the Buyer’s, its Affiliates’, or any other Person’s ability to obtain financing for the consummation of the Transactions.

(b) The Trust Agreement, to the Buyer’s Knowledge with respect to the Trustee, has not been amended or modified, is valid and in full force and effect and is enforceable in accordance with its terms, except as limited by (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors’ rights generally and (ii) general principles of equity, whether such enforceability is considered in a proceeding in equity or at Law. There are no separate agreements, side letters or other agreements or understandings (whether written or unwritten, express or implied) (i) between the Buyer and the Trustee that would cause the description of the Trust Agreement in the Buyer SEC Reports to be inaccurate in any material respect or (ii) to the Buyer’s Knowledge, that would entitle any Person (other than stockholders of the Buyer holding Buyer Class A Common Stock sold in the Buyer’s initial public offering who shall have elected to redeem their shares of Buyer Class A Common Stock pursuant to the Buyer Charter) to any portion of the proceeds in the Trust Account. Prior to the Closing, none of the funds held in the Trust Account may be released except (A) to pay income and franchise taxes from any interest income earned in the Trust Account and (B) to redeem Buyer Class A Common Stock in accordance with the provisions of the Buyer Charter. There are no Legal Proceedings pending or, to the Knowledge of the Buyer, threatened with respect to the Trust Account.

**Section 5.18. Title to Assets.** Subject to the restrictions on use of the Trust Account set forth in the Trust Agreement, the Buyer owns good and marketable title to, or holds a valid leasehold interest in, or a valid license to use, all of the assets used by the Buyer in the operation of its business and which are material to the Buyer, free and clear of any Liens (other than Permitted Liens).

**Section 5.19. Securities Laws Matters.** The Buyer acknowledges that the Closing Hostess Securities being acquired pursuant to this Agreement and the other Transaction Documents have not been registered under the Securities Act or under any state or foreign securities Laws. The Buyer is acquiring the Closing Hostess Securities for its own account solely for investment purposes and not with a view to any public resale or other distribution thereof, except in compliance with applicable securities Laws. The Buyer acknowledges that the Closing Hostess Securities will not be registered under the Securities Act or any applicable state or foreign securities Laws and that the Closing Hostess Securities may not be transferred or sold except pursuant to the registration provisions of the Securities Act or applicable foreign securities Laws or pursuant to an applicable exemption therefrom and pursuant to state or foreign securities Laws, as applicable. The Buyer has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Closing Hostess Securities and is capable of bearing the economic risks of such investment. The Buyer is an “accredited investor” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

**Section 5.20. Legal Proceedings.** There are no Legal Proceedings pending or, to the Knowledge of the Buyer, threatened against or otherwise relating to the Buyer that (a) would challenge or seek to enjoin, alter or materially delay the Transactions or (b) would, individually or in the aggregate, reasonably be expected to be material to the Buyer.

**Section 5.21. Independent Investigation.** The Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its participation in the Transactions. The Buyer has conducted its own independent review and analysis of, and based thereon has formed an independent judgment concerning, the assets, liabilities, condition, operations and prospects of the business of the Hostess Entities and the Closing Hostess Securities. In entering into this Agreement and the other Transaction Documents to which they are parties, the Buyer and Merger Sub have relied solely upon their own review and analysis and the specific representations and warranties of the Sellers expressly set forth in Article III and Article IV and not on any representations, warranties, statements or omissions by any Person other than the Sellers, or by the Sellers other than those specific representations and warranties expressly set forth in Article III and Article IV. The Buyer acknowledges that, except for the representations and warranties expressly set forth in Article III and Article IV, none of the Sellers, their respective Affiliates nor any of their respective Related Parties has made or makes, and the Buyer has not relied on and is not relying on, any representation, warranty or statement, either express or implied, (a) as to the accuracy or completeness of any of the information delivered or made available to the Buyer or any of its Related Parties or lenders and (b) with respect to any projections, forecasts, estimates, plans or budgets of future revenues, expenses or expenditures, future results of operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof) of the business of the Hostess Entities delivered or made available to the Buyer or any of its Related Parties or lenders.

**Section 5.22. Brokers.** Other than fees or commissions for which the Buyer will be solely responsible, none of the Buyer, Merger Sub nor any of their respective Affiliates, including Buyer Sponsor, has any liability or obligation to pay, or is entitled to receive, any fees or commissions to any broker, finder or agent with respect to the Transactions.

**Section 5.23. Contracts with Hostess CDM Co-Invest and CDM Hostess.** None of the Buyer or any of its Affiliates is a party to any Contract with Hostess CDM Co-Invest, CDM Hostess or any of their respective Affiliates other than the Transaction Documents and any other Contracts entered into in connection with the Transactions, true, correct and complete copies of which have been provided to AP Hostess LP.

**Section 5.24. Disclaimer of Warranties.** EXCEPT AS SET FORTH IN THIS ARTICLE V, NONE OF THE BUYER, ITS AFFILIATES OR ANY OF THEIR RESPECTIVE RELATED PARTIES MAKE OR HAVE MADE, AND THE SELLERS ARE NOT RELYING ON, ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF THE BUYER, THE BUYER CAPITAL STOCK OR THE ASSETS AND PROPERTIES OF THE BUYER, INCLUDING WITH RESPECT TO (A) MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, (B) THE OPERATION OF THE BUSINESS OF THE HOSTESS ENTITIES BY THE BUYER AFTER THE CLOSING OR (C) THE PROBABLE SUCCESS OR PROFITABILITY OF THE BUSINESS OF THE HOSTESS ENTITIES AFTER THE CLOSING. EXCEPT AS SET FORTH IN ARTICLE IX, NONE OF THE BUYER, ITS AFFILIATES OR ANY OF THEIR RESPECTIVE RELATED PARTIES WILL HAVE OR BE SUBJECT TO ANY LIABILITY OR INDEMNIFICATION OBLIGATION TO THE SELLERS OR ANY OTHER PERSON RESULTING FROM THE DISTRIBUTION TO THE SELLERS, THEIR AFFILIATES OR REPRESENTATIVES OF, OR THE SELLERS' USE OF OR RELIANCE ON, ANY INFORMATION RELATING TO THE BUSINESS OF BUYER, THE BUYER CAPITAL STOCK OR THE ASSETS AND PROPERTIES OF THE BUYER, INCLUDING ANY INFORMATION, DOCUMENTS OR MATERIAL MADE AVAILABLE TO THE SELLERS, WHETHER ORALLY OR IN WRITING, IN CERTAIN "DATA ROOMS", MANAGEMENT PRESENTATIONS, FUNCTIONAL "BREAK OUT" DISCUSSIONS, RESPONSES TO QUESTIONS SUBMITTED ON BEHALF OF THE SELLERS OR IN ANY OTHER FORM IN EXPECTATION OF THE TRANSACTIONS. ANY SUCH OTHER REPRESENTATION OR WARRANTY IS HEREBY EXPRESSLY DISCLAIMED. NOTWITHSTANDING ANYTHING IN THIS SECTION 5.24 OR ELSEWHERE IN THIS AGREEMENT TO THE CONTRARY, NOTHING IN THIS AGREEMENT SHALL LIMIT OR RESTRICT, OR BE USED AS A DEFENSE AGAINST, THE RIGHT OF ANY INDEMNITEE TO RELY ON AND ENFORCE THE REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS SET FORTH IN THIS AGREEMENT OR IN ANY OTHER TRANSACTION DOCUMENT, OR WAIVE OR LIMIT IN ANY MANNER ANY INDEMNITEE'S RIGHTS OR REMEDIES IN THE EVENT OF FRAUD, WITH SPECIFIC INTENT TO DECEIVE AND MISLEAD THE INDEMNITEE, REGARDING THE REPRESENTATIONS AND WARRANTIES MADE HEREIN OR IN ANY SCHEDULE, EXHIBIT OR CERTIFICATE DELIVERED PURSUANT HERETO.

## ARTICLE VI

### COVENANTS

**Section 6.1. Access to Information.**

(a) During the Interim Period, the Sellers shall, and shall cause the Hostess Entities, to provide the Buyer and its Representatives with access to information regarding the

Hostess Entities and their material operations, in each case, as reasonably requested by the Buyer and to the extent such information is readily available or could be readily obtained without any material interference with the business or operations of the Sellers or the Hostess Entities, in each case, other than information (i) that such Seller reasonably believes it or any Hostess Entity is prohibited from providing to the Buyer by reason of applicable Law, (ii) that constitutes or allows access to information protected by attorney/client privilege or (iii) that such Seller or Hostess Entity is required to keep confidential or to prevent access to by reason of any Contract with a third party (provided, that the Parties shall work in good faith to develop alternative means by which to provide the Buyer and its Representatives such information in a manner that does not result in the violation of any such Law or Contract or loss or such privilege); provided, however, that such access (A) shall be conducted at the Buyer's expense, during normal business hours and under the supervision of personnel of the Hostess Entities, (B) does not disrupt the normal operations of any Hostess Entity and (C) shall comply with all applicable Laws, including those regarding the exchange of competitively sensitive information. Notwithstanding anything contained herein, the Buyer shall not be permitted during the Interim Period to contact any of the Hostess Entities' respective vendors, employees, customers or suppliers, or any Governmental Entities (except in connection with applications for Permits or Filings required to be made prior to the Closing under this Agreement and, in such case, only in accordance with the terms of this Agreement) regarding the operations or legal status of any Hostess Entity without receiving prior written consent from the Sellers' Representative (which consent shall not be unreasonably withheld, conditioned or delayed).

(b) Following the Closing, each of the Sellers shall be entitled to retain copies (at such Seller's sole cost and expense) of all books and records relating to its ownership of the Hostess Entities, as applicable, and their respective businesses; provided, however, that such retained copies shall be subject to the confidentiality obligations set forth in Section 6.5(c).

(c) After the Closing, the Buyer will, and will cause its Representatives to, afford to each of the Sellers, including their respective Representatives, reasonable access to all books, records, files and documents to the extent they are related to the Hostess Entities and their respective Related Parties in order to permit such Persons to prepare for and participate in any other investigation and defend any Legal Proceedings relating to or involving such Person, to discharge its obligations under this Agreement, to comply with financial reporting requirements, and for other reasonable business purposes, and will afford such Persons reasonable assistance in connection therewith. The Buyer will cause such records to be maintained for not less than six years from the Closing Date and will not dispose of such records thereafter without first offering in writing to deliver them to the Sellers; provided, however, that in the event that the Buyer transfers all or a portion of the business of any Hostess Entity to any third party during such period, the Buyer may transfer to such third party all or a portion of the books, records, files and documents related thereof, so long as such third-party transferee expressly assumes in writing the obligations of the Buyer under this Section 6.1(c).

#### **Section 6.2. Conduct of Business Pending the Closing.**

(a) During the Interim Period and except (i) as contemplated, permitted, or required by this Agreement, the other Transaction Documents or applicable Law, or (ii) to the extent that the other Party shall otherwise consent in writing (which consent shall not be unreasonably withheld, conditioned or delayed) (such exceptions, the "**Conduct of Business**

**Exceptions**”), and except as prohibited pursuant to this Section 6.2, (A) the Sellers shall cause each Hostess Entity to use its reasonable best efforts to conduct its business in the ordinary course of business consistent with past practices, and, subject to the requirements of this Agreement and the other Transaction Documents, to use its reasonable best efforts to preserve, maintain and protect their material assets in material compliance with applicable Laws and (B) the Buyer and Merger Sub shall use their respective reasonable best efforts to conduct their businesses in the ordinary course of business consistent with past practices, and, subject to the requirements of this Agreement and the other Transaction Documents, to use their reasonable best efforts to preserve, maintain and protect their material assets in material compliance with applicable Laws.

(b) Without limiting the foregoing, during the Interim Period, except as set forth on Section 6.2(b) of the Disclosure Schedule and subject to the Conduct of Business Exceptions, the Sellers shall not, and shall cause the Hostess Entities not to:

(i) sell, transfer or dispose of any of the material assets or properties of any Hostess Entity, other than (A) sales, transfers or dispositions of obsolete or surplus assets, (B) sales, transfers or dispositions in connection with the normal repair or replacement of assets or properties and (C) sales or dispositions in accordance with any Hostess Material Contract or sales in lieu of condemnation or in connection with eminent domain or similar Legal Proceedings;

(ii) directly or indirectly acquire, whether by merger or consolidating with, or acquiring all or substantially all of the assets of, any other Person;

(iii) make any capital expenditure or leasehold improvement that exceeds \$500,000 individually or exceeds \$5,000,000 in the aggregate, except to the extent such capital expenditure or leasehold improvement: (A) has been budgeted for by the Hostess Entities in the budget set forth on Section 6.2(b)(iii) of the Disclosure Schedule (the “**Capital Expenditure Plan**”); (B) is directed by a Governmental Entity; or (C) is incurred with respect to any emergency situation; provided, however, that the Hostess Entities may, in the reasonable discretion of the Sellers, delay the making of any capital expenditures included on the Capital Expenditure Plan; provided, further, that all such actions shall be taken in good faith and based on the needs and possible changing requirements of the business;

(iv) grant, issue, sell or otherwise dispose of any of the Equity Securities of any Hostess Entity;

(v) liquidate, dissolve, reorganize or otherwise wind up the business or operations of any Hostess Entity;

(vi) purchase any Equity Securities of any Person other than a Subsidiary;

(vii) amend or modify the Organizational Documents of any Hostess Entity;

- of the any Hostess Entity;
- (viii) effect any recapitalization, reclassification, stock dividend, stock split or like change in the capitalization of the any Hostess Entity;
  - (ix) engage in any material new line of business;
  - (x) (A) change any material Tax or accounting methods, policies or practices inconsistent with past practice, except as required by a change in GAAP or applicable Law, (B) make, revoke or amend any material Tax election, (C) enter into any closing agreement affecting any U.S. federal or other material Tax liability, (D) waive any refund of Taxes other than claiming it as a credit or a payment of an estimated tax, (E) extend any statute of limitations with respect to Taxes inconsistent with past practice or (F) file any amended Tax Return related to a material amount of Taxes;
  - (xi) with respect to any current or former employee, director or independent contractor of any Hostess Entity (A) increase the compensation payable or employee benefits to be provided except (I) any increases in the rate of base salary or wage that does not exceed 10% of such Person's current compensation pursuant to (x) annual adjustments in the ordinary course of business consistent with past practices or (y) in connection with any promotion or material increase in responsibility of any officer or employee in the ordinary course of business consistent with past practice, or (II) any increases required pursuant to any existing Benefit Plans, (B) grant or increase any severance or change in control pay or benefits, (C) enter into, amend, or terminate any Benefit Plan or any employee benefit plan, policy, program, agreement, trust or arrangement that would have constituted a Benefit Plan if it had been in effect on the date of this Agreement, or (D) take any action to accelerate the vesting or payment of, otherwise fund or secure the payment of, any compensation or benefits under any Benefit Plan;
  - (xii) create, incur, assume, guarantee or otherwise become liable with respect to any Indebtedness for borrowed money;
  - (xiii) amend, terminate (unless the counterparty is in default under the applicable Hostess Material Contract and such termination is permitted) or waive any material term under any Hostess Material Contract other than in the ordinary course of business;
  - (xiv) amend, terminate or waive any material term under the Rollover Credit Agreement;
  - (xv) enter into any labor or collective bargaining or similar agreement, or make any commitment or incur any liability to any labor organization with respect to any Hostess Entity, other than with respect to matters involving, or subject to, the normal grievance process for individual employees at any plant or facility operated by a Hostess Entity which do not give rise to any liability that is material to the Hostess Entities;
  - (xvi) release, assign, compromise, settle or agree to settle any Legal Proceeding material to the Hostess Entities or their respective properties or assets; provided, that nothing contained herein shall restrict the ability of the Hostess Entities to release, assign, compromise, settle or agree to settle any Legal Proceedings (A) relating to the Specified Matter or (B) so long as such settlement is solely monetary in nature and any payments related to such settlement are made prior to the Closing, included as Current Liabilities in the determination of Final Closing Working Capital or otherwise reflected as a reduction to the Purchase Price;

(xvii) fail to comply with the terms of the Rollover Credit Agreements or take any action, or omit to take any action, that would result in a Rollover Credit Agreement Default; or

(xviii) agree or commit to do any of the foregoing.

(c) Without limiting the foregoing, during the Interim Period, except as otherwise expressly contemplated by this Agreement or set forth on Section 6.2(c) of the Disclosure Schedule and subject to the Conduct of Business Exceptions, neither the Buyer nor Merger Sub shall:

(i) directly or indirectly acquire, whether by merger or consolidating with, or acquiring all or substantially all of the assets of, any other Person;

(ii) grant, issue, sell or otherwise dispose of any of the Equity Securities of the Buyer or Merger Sub, including any Buyer Capital Stock;

(iii) liquidate, dissolve, reorganize or otherwise wind up the business or operations of the Buyer or Merger Sub;

(iv) purchase any Equity Securities of any Person;

(v) amend or modify the Organizational Documents of the Buyer or Merger Sub;

(vi) effect any recapitalization, reclassification, stock dividend, stock split or like change in the capitalization of the Buyer or Merger;

(vii) engage in any new line of business;

(viii) enter into any transaction with any Affiliate of the Buyer;

(ix) (A) change any material Tax or accounting methods, policies or practices inconsistent with past practice, except as required by a change in GAAP or applicable Law, (B) make, revoke or amend any material Tax election, or (C) enter into any closing agreement affecting any material Tax liability;

(x) create, incur, assume, guarantee or otherwise become liable with respect to any Indebtedness for borrowed money;

(xi) amend, terminate (unless the counterparty is in default under the applicable Buyer Material Contract and such termination is permitted) or waive any material term under any Buyer Material Contract;



(xii) declare, set aside or pay any dividend or any other distribution with respect to the Equity Interests of the Buyer or redeem or repurchase any Equity Interests of the Buyer (other than in accordance with the Buyer Stockholder Redemption at the Closing); or

(xiii) agree or commit to do any of the foregoing.

(d) Notwithstanding anything to the contrary set forth herein, the Hostess Entities shall be permitted to (i) declare, set aside and pay dividends during the Interim Period, (ii) pay the Toler Bonus pursuant to the Management LLC Merger Agreement and (iii) grant any Tranche 2 LTIP awards set forth on Section 4.11(h)(2) of the Disclosure Schedule that have not been granted as of the date hereof; provided, that any such awards under the LTIP that are to be paid at or in connection with the Closing shall be included in the Estimated LTIP Payment Amount; provided, however, that the Sellers shall cause the Hostess Companies to not distribute any Hostess Cash, pay any Hostess Cash dividend to its equityholders or incur any additional Rollover Indebtedness (other than interest that is accrued in the ordinary course of business) during the period commencing on 12:01 a.m. (Eastern time) on the Closing Date through the Closing.

**Section 6.3. Exclusivity.**

(a) During the Interim Period, the Sellers shall not, and shall cause the Hostess Entities and their respective Representatives not to, directly or indirectly, (i) enter into, knowingly solicit, initiate or continue any discussions or negotiations with, or knowingly encourage or respond to any inquiries or proposals by, or participate in any negotiations with, or provide any information to, or otherwise cooperate in any way with, any Person or other entity or group, concerning any sale of any material assets of the Hostess Entities or any of the outstanding Hostess Securities or any conversion, consolidation, liquidation, dissolution or similar transaction involving the Hostess Entities other than with the Buyer and its Representatives (an “**Alternative Transaction**”), (ii) enter into any agreement regarding, continue or otherwise participate in any discussions regarding, or furnish to any Person any information with respect to, or cooperate in any way that would otherwise reasonably be expected to lead to, any Alternative Transaction or (iii) commence, continue or renew any due diligence investigation regarding any Alternative Transaction; provided that the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the Transactions shall not be deemed a violation of this Section 6.3. The Sellers shall, and shall cause their respective Affiliates and respective Representatives to, immediately cease any and all existing discussions or negotiations with any Person conducted heretofore with respect to any Alternative Transaction. If the Sellers, the Hostess Entities or any of their respective Representatives receives any inquiry or proposal with respect to an Alternative Transaction at any time prior to the Closing, then the Sellers shall promptly (and in no event later than 24 hours after the Sellers become aware of such inquiry or proposal) (A) advise the Buyer orally and in writing of such inquiry or proposal (including the identity of the Person making such inquiry or submitting such proposal, and the terms thereof), (B) provide the Buyer a copy of such inquiry or proposal, if in writing, and (C) notify such Person in writing that Sellers are subject to an exclusivity agreement with respect to the sale of the Hostess Entities that prohibits them from considering such inquiry or proposal. Without limiting the foregoing, the Parties agree that any violation of the restrictions set forth in this Section 6.3(a) by any of the Sellers or their respective Affiliates or Representatives shall be deemed to be a breach of this Section 6.3(a) by the Sellers.

(b) During the Interim Period, the Buyer shall not, and shall cause its Affiliates and their respective Representatives not to, directly or indirectly, (i) enter into, knowingly solicit, initiate or continue any discussions or negotiations with, or knowingly encourage or respond to any inquiries or proposals by, or participate in any negotiations with, or provide any information to, or otherwise cooperate in any way with, any Person or other entity or group, concerning any Business Combination Proposal, (ii) enter into any agreement regarding, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or cooperate in any way that would otherwise reasonably be expected to lead to, any Business Combination Proposal or (iii) commence, continue or renew any due diligence investigation regarding any Business Combination Proposal. The Buyer shall, and shall cause each of its Affiliates and their respective Representatives to, immediately cease any and all existing discussions or negotiations with any Person conducted heretofore with respect to any Business Combination Proposal. If the Buyer, its Affiliates or any of their respective Representatives receives any inquiry or proposal with respect to a Business Combination Proposal at any time prior to the Closing, then the Buyer shall promptly (and in no event later than 24 hours after the Buyer becomes aware of such inquiry or proposal) (A) advise the Sellers' Representative orally and in writing of such inquiry or proposal (including the identity of the Person making such inquiry or submitting such proposal, and the terms thereof) and (B) provide the Sellers' Representative a copy of such inquiry or proposal, if in writing. Without limiting the foregoing, the Parties agree that any violation of the restrictions set forth in this Section 6.3(b) by any of the Buyer or its Affiliates or their respective Representatives shall be deemed to be a breach of this Section 6.3(b) by the Buyer.

**Section 6.4. Trust Account.** Upon satisfaction or waiver of the conditions set forth in Article VII and provision of notice thereof to the Trustee (which notice the Buyer shall provide to the Trustee in accordance with the terms of the Trust Agreement), (a) in accordance with and pursuant to the Trust Agreement, at the Closing, the Buyer (i) shall cause the documents, opinions and notices required to be delivered to the Trustee pursuant to the Trust Agreement to be so delivered and (ii) shall use its commercially reasonable efforts to cause the Trustee to, and the Trustee shall thereupon be obligated to (A) pay as and when due all amounts payable to stockholders of the Buyer holding shares of the Buyer Class A Common Stock sold in the Buyer's initial public offering who shall have previously validly elected to redeem their shares of Buyer Class A Common Stock pursuant to the Buyer Charter, and (B) immediately thereafter, pay all remaining amounts then available in the Trust Account in accordance with this Agreement and the Trust Agreement and (b) thereafter, the Trust Account shall terminate, except as otherwise provided therein.

**Section 6.5. Publicity; Confidentiality.**

(a) The Sellers and the Buyer shall reasonably cooperate to (i) prepare and make a public announcement regarding the Transactions on the date hereof and (ii) create and implement a communications plan regarding the Transactions (the "**Communications Plan**") promptly following the date hereof. Notwithstanding the foregoing, none of the Parties will make any public announcement or issue any public communication regarding this Agreement, the other Transaction Documents or the Transactions or any matter related to the foregoing,

without the prior written consent of the Sellers, in the case of a public announcement by the Buyer, or the Buyer, in the case of a public announcement by the Sellers (such consents, in either case, not to be unreasonably withheld, conditioned or delayed), except (A) if such announcement or other communication is required by applicable Law or Order, in which case the disclosing Party shall, to the extent permitted by applicable Law or Order, first allow such other Parties to review such announcement or communication and the opportunity to comment thereon and the disclosing Party shall consider such comments in good faith, (B) in the case of the Sellers, the Buyer and their respective Affiliates, if such announcement or other communication is made in connection with fundraising or other investment related activities and is made to such Person's direct and indirect investors or potential investors or financing sources subject to an obligation of confidentiality, (C) to the extent provided for in the Communications Plan, internal announcements to employees of the Hostess Entities, (D) to the extent such announcements or other communications contain only information previously disclosed in a public statement, press release or other communication previously approved in accordance with this Section 6.5(a), and (E) announcements and communications to Governmental Entities in connection with Filings or Permits relating to the Transactions required to be made under this Agreement.

(b) The Buyer acknowledges that the information being provided to it in connection with the Transactions is subject to the Confidentiality Agreement, the terms of which are incorporated herein by reference. Effective upon, and only upon, the Closing, (i) the obligations of confidentiality and limited use contained in the Confidentiality Agreement shall, without further action of any party to the Confidentiality Agreement, terminate with respect to information relating to the Hostess Entities and their respective businesses; and (ii) the restrictions contained in the Confidentiality Agreement regarding (A) soliciting and hiring directors, officers, managers or other employees of the Hostess Entities and (B) contacting customers and suppliers of the Hostess Entities, without further action of any party to the Confidentiality Agreement, terminate. The Buyer acknowledges that the Confidentiality Agreement shall remain in full force and effect in all other respects in accordance with its terms.

(c) During the two-year period following the Closing, the Sellers will, and will cause their respective Affiliates and Representatives to, hold in confidence any and all information concerning any Hostess Entity that would have been considered "Information" under the Confidentiality Agreement had it been disclosed to the Buyer prior to the date hereof, *mutatis mutandis*, except to the extent that the Buyer would have been permitted to disclose such Information under the Confidentiality Agreement.

#### **Section 6.6. Proxy Statement.**

(a) As promptly as practicable following the execution and delivery of this Agreement, the Buyer shall, in accordance with this Section 6.6, prepare and file with the SEC, in preliminary form, a proxy statement in connection with the Transactions (as amended or supplemented, the "**Proxy Statement**") to be sent to the stockholders of the Buyer relating to the Buyer Stockholders Meeting, for the purpose of, among other things, soliciting proxies from holders of Buyer Capital Stock to vote at the Buyer Stockholders Meeting in favor of (i) the adoption of this Agreement and the approval of the Transactions, (ii) the issuance of the Buyer Class A Common Stock and the Buyer Class B Common Stock constituting the Stock Consideration, (iii) the amendment and restatement of the Buyer Charter in the form of the Buyer A&R Charter and (iv) any other proposals the Parties deem necessary or desirable to

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consummate the Transactions (collectively, the “**Transaction Proposals**”). The Proxy Statement will comply as to form and substance with the applicable requirements of the Exchange Act and the rules and regulations thereunder. The Buyer shall file the definitive Proxy Statement with the SEC and cause the Proxy Statement to be mailed to its stockholders of record, as of the record date to be established by the board of directors of the Buyer, within three Business Days of (A) in the event the preliminary Proxy Statement is not reviewed by the SEC, the expiration of the waiting period in Rule 14a-6(a) under the Exchange Act, or (B) in the event the preliminary Proxy Statement is reviewed by the SEC, receipt of oral or written notification of the completion of the review by the SEC.

(b) Prior to filing with the SEC, the Buyer will make available to the Sellers drafts of the Proxy Statement and any other documents to be filed with the SEC, both preliminary and final, and any amendment or supplement to the Proxy Statement or such other document and will provide the Sellers with a reasonable opportunity to comment on such drafts and shall consider such comments in good faith. The Buyer shall not file any such documents with the SEC without the prior written consent of the Sellers (such consent not to be unreasonably withheld, conditioned or delayed). The Buyer will advise the Sellers promptly after it receives notice thereof, of (i) the time when the Proxy Statement has been filed, (ii) in the event the preliminary Proxy Statement is not reviewed by the SEC, the expiration of the waiting period in Rule 14a-6(a) under the Exchange Act, (iii) in the event the preliminary Proxy Statement is reviewed by the SEC, receipt of oral or written notification of the completion of the review by the SEC, (iv) the filing of any supplement or amendment to the Proxy Statement, (v) the issuance of any stop order by the SEC, (vi) any request by the SEC for amendment of the Proxy Statement, (vii) any comments from the SEC relating to the Proxy Statement and responses thereto or (viii) requests by the SEC for additional information. The Buyer shall promptly respond to any SEC comments on the Proxy Statement and shall use its reasonable best efforts to have the Proxy Statement cleared by the SEC under the Exchange Act as soon after filing as practicable; provided, that prior to responding to any requests or comments from the SEC, the Buyer will make available to the Sellers drafts of any such response and provide the Sellers with a reasonable opportunity to comment on such drafts.

(c) If at any time prior to the Buyer Stockholders Meeting there shall be discovered any information that should be set forth in an amendment or supplement to the Proxy Statement so that the Proxy Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Buyer shall promptly transmit to its stockholders an amendment or supplement to the Proxy Statement containing such information. If, at any time prior to the Closing, the Sellers discover any information, event or circumstance relating to the Business or the Hostess Entities or any of their respective Affiliates, officers, directors or employees that should be set forth in an amendment or a supplement to the Proxy Statement so that the Proxy Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, then the Sellers shall promptly inform the Buyer of such information, event or circumstance.

(d) The Buyer shall make all necessary Filings with respect to the Transactions under the Securities Act, the Exchange Act and applicable “blue sky” laws, and any rules and regulations thereunder.

(e) The Sellers agree to promptly provide the Buyer with all information concerning the Business and the management, operations and financial condition of the Hostess Companies, in each case, reasonably requested by the Buyer for inclusion in the Proxy Statement. The Sellers shall cause the officers and employees of the Hostess Companies to be reasonably available to the Buyer and its counsel in connection with the drafting of the Proxy Statement and responding in a timely manner to comments on the Proxy Statement from the SEC.

**Section 6.7. Buyer Stockholders Meeting.** The Buyer shall, as promptly as practicable, establish a record date (which date shall be mutually agreed with the Sellers) for, duly call, give notice of, convene and hold a meeting of the Buyer’s stockholders (the “**Buyer Stockholders Meeting**”), for the purpose of obtaining the Buyer Stockholder Approval, which meeting shall be held not more than 45 days after the date on which the Buyer mails the Proxy Statement to its stockholders. The Buyer shall use its reasonable best efforts to obtain the Buyer Stockholder Approval, including by soliciting proxies as promptly as practicable in accordance with applicable Law for the purpose of seeking the Buyer Stockholder Approval. The Buyer shall, through its board of directors, recommend to its stockholders that they vote in favor of the Transaction Proposals (the “**Buyer Board Recommendation**”), and the Buyer shall include the Buyer Board Recommendation in the Proxy Statement. The board of directors of the Buyer shall not (and no committee or subgroup thereof shall) change, withdraw, withhold, qualify or modify, or publicly propose to change, withdraw, withhold, qualify or modify, the Buyer Board Recommendation (a “**Change in Recommendation**”); provided, that the board of directors may make a Change in Recommendation if it determines in good faith, after consultation with its outside legal counsel, that a failure to make a Change in Recommendation would reasonably be expected to constitute a breach by the board of directors of its fiduciary obligations to the Buyer’s stockholders under applicable Law. The Buyer agrees that its obligation to establish a record date for, duly call, give notice of, convene and hold the Buyer Stockholders Meeting for the purpose of seeking the Buyer Stockholder Approval shall not be affected by any Change in Recommendation, and the Buyer agrees to establish a record date for, duly call, give notice of, convene and hold the Buyer Stockholders Meeting and submit for the approval of its stockholders the matters contemplated by the Proxy Statement, regardless of whether or not there shall be any Change in Recommendation. Notwithstanding anything to the contrary contained in this Agreement, the Buyer shall be entitled to postpone or adjourn the Buyer Stockholders Meeting (a) to ensure that any supplement or amendment to the Proxy Statement that the board of directors of the Buyer has determined in good faith is required by applicable Law is disclosed to the Buyer’s stockholders and for such supplement or amendment to be promptly disseminated to the Buyer’s stockholders prior to the Buyer Stockholders Meeting, (b) if, as of the time for which the Buyer Stockholders Meeting is originally scheduled (as set forth in the Proxy Statement), there are insufficient shares of Buyer Class A Common Stock and Buyer Class F Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business to be conducted at the Buyer Stockholders Meeting or (c) by ten Business Days in order to solicit additional proxies from stockholders for purposes of obtaining the Buyer Stockholder Approval; provided, that in the event of a postponement or adjournment pursuant to

clauses (a) or (b) above, the Buyer Stockholders' Meeting shall be reconvened as promptly as practicable following such time as the matters described in such clauses have been resolved, and in no event shall the Buyer Stockholders' Meeting be reconvened on a date that is later than five Business Days prior to the Outside Date.

**Section 6.8. Listing of Buyer Capital Stock.** The Buyer will use its reasonable best efforts to cause the shares of Buyer Class A Common Stock constituting the Stock Consideration to be approved for listing on the NASDAQ Capital Market as promptly as practicable following the issuance thereof, subject to official notice of issuance, prior to the Closing. During the Interim Period, the Buyer shall use its reasonable best efforts to remain listed as a public company on the NASDAQ Capital Market.

**Section 6.9. Qualification as an Emerging Growth Company.** The Buyer shall, at all times during the Interim Period, (a) take all actions necessary to continue to qualify as an "emerging growth company" within the meaning of the JOBS Act and (b) not take any action that would cause the Buyer to not qualify as an "emerging growth company" within the meaning of the JOBS Act.

**Section 6.10. Section 16 of the Exchange Act.** Prior to the Closing, the board of directors of the Buyer, or an appropriate committee of non-employee directors thereof, shall adopt a resolution consistent with the interpretive guidance of the SEC so that the acquisition of Buyer Class A Common Stock, in each case, pursuant to this Agreement and the other Transaction Documents by any officer or director of the Hostess Entities who is expected to become a "covered person" of the Buyer for purposes of Section 16 of the Exchange Act and the rules and regulations thereunder ("**Section 16**") shall be an exempt transaction for purposes of Section 16.

**Section 6.11. Expenses.** Except as otherwise expressly provided in this Agreement, whether or not the Transactions are consummated, each Party will pay its own costs and expenses incurred in anticipation of, relating to and in connection with the negotiation and execution of this Agreement and the Merger Agreement and the consummation of the Transactions. Notwithstanding the immediately preceding sentence, the Buyer, on the one hand, and the Sellers, on the other hand, in accordance with each Seller's Pro-Rata Share, shall each pay 50% of any filing fees required by Governmental Entities, including with respect to Filings or Permits required in connection with the execution and delivery of this Agreement, the performance of the obligations hereunder and the consummation of the Transactions, including filing fees in connection with filings under the HSR Act or other Antitrust Laws.

**Section 6.12. Governmental Filings.**

(a) Subject to the terms and conditions of this Agreement and the other Transaction Documents, each of the Buyer and the Sellers shall, and the Sellers shall cause the Hostess Entities to, cooperate with each other and shall use (and cause their respective Subsidiaries to use) their reasonable best efforts to take or cause to be taken all actions, and do or cause to be done, and reasonably assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to comply promptly with all legal requirements that may be imposed on such Party or its Subsidiaries with respect to the Agreement or the other Transaction Documents and, subject to the conditions set forth in Section 7.3, to consummate the Transactions as soon as practicable.

(b) Without limiting the generality of the foregoing clause (a), the Buyer and the Sellers shall, and the Sellers shall cause the Hostess Companies to, use their reasonable best efforts to each make an appropriate filing of a Notification and Report Form pursuant to the HSR Act within ten Business Days following the execution of this Agreement (unless otherwise agreed upon by the Parties in writing). The Buyer and the Sellers shall, and the Sellers shall cause the Hostess Companies to, supply as promptly as practicable any additional information or documentary material that may be requested pursuant to the HSR Act and shall take all other actions necessary to cause the expiration or termination of the applicable waiting periods as soon as practicable. The Buyer and the Sellers shall, and the Sellers shall cause the Hostess Companies to, respond as promptly as practicable to any additional requests for information, including requests for production of documents and production of witnesses for interviews, investigational hearings or depositions, made by the Antitrust Division of the United States Department of Justice, the United States Federal Trade Commission (the “**Antitrust Authorities**”) and take all other reasonable actions to obtain all applicable consents, approvals, clearances or waivers from the Antitrust Authorities. The Buyer shall exercise its reasonable best efforts, and the Sellers shall, and the Sellers shall cause the Hostess Companies to, cooperate fully with the Buyer, to prevent the entry in any Legal Proceeding brought by an Antitrust Authority or any other Governmental Entity of an Order that would prohibit, make unlawful or delay the consummation of the Transactions. Other than such Filings under the HSR Act, the filing of which shall be made in accordance with the first sentence of this Section 6.12(b), the Buyer and the Sellers will, and will cause the Hostess Entities to, as soon as reasonably practicable and in no event more than 60 days following the execution of this Agreement, prepare and file with each applicable Governmental Entity all Filings and requests for such Permits set forth on Section 6.12(b) of the Disclosure Schedule, which Filings and requests are necessary for the consummation of the Transactions in accordance with the terms of this Agreement. The Buyer and the Sellers will, and will cause the Hostess Entities to, diligently pursue and use their reasonable best efforts to obtain such Permits as soon as reasonably practical and will cooperate with each other in seeking such Permits. To such end, the Parties agree to make available the personnel and other resources of their respective organizations in order to obtain all such Permits. Each Party will promptly inform the other Parties of any material communication received by such Party from, or given by such Party to, any Governmental Entity from which any such Permit is required and of any material communication received or given in connection with any Legal Proceeding by a private party, in each case regarding any of the Transactions, and will permit the other Party to review any communication given by it to, and consult with each other in advance of any response to, or meeting or conference with, any such Governmental Entity or, in connection with any Legal Proceeding by a private party, with such other Person, and to the extent permitted by such Governmental Entity or other Person, give the other Party the opportunity to review such response and to attend and to participate in such meetings and conferences.

(c) Each of the Sellers and the Buyer agrees to instruct its respective counsel to cooperate with each other and use their reasonable best efforts to facilitate and expedite the identification and resolution of any issues arising under any applicable Antitrust Laws at the earliest practicable dates. Said reasonable best efforts and cooperation include counsel’s

undertaking (to the extent permitted by applicable Law and in each case regarding the Transactions and without waiving attorney-client or any other applicable privilege) to (i) furnish to each other's counsel such reasonably necessary information and reasonable assistance as the other may request in connection with its preparation of any Filing or submission that is necessary under the HSR Act and any other applicable Antitrust Laws (except for sharing any Item 4(c) or Item 4(d) documents), and (ii) cooperate in the filing of any substantive memoranda, white papers, Filings, correspondence or other written or oral communications explaining or defending this Agreement or any of the Transactions or responding to requests or objects made by any Antitrust Authority or any Person. None of the Sellers or the Buyer or any of their respective Affiliates or counsel shall independently contact any Antitrust Authority or participate in any meeting or discussion (or any other communication by any means) with any Antitrust Authority in respect of any such filings, applications, investigation or other inquiry without giving, in the case of the Buyer and its Affiliates, the Sellers, and in the case of the Sellers and its Affiliates, the Buyer, where practicable, prior reasonable notice of the meeting or discussion, the opportunity to confer with each other regarding appropriate contacts with and responses to personnel of said Antitrust Authority, the opportunity to review and comment on the contents of any representations (oral or otherwise) expected to be communicated at the meeting or discussion, and, to the extent permitted by the relevant Antitrust Authority, the opportunity to attend and participate at the meeting or discussion (which, at the request of the Buyer or the Sellers, as applicable, shall be limited to outside antitrust counsel only).

(d) During the Interim Period, to the extent reasonably and specifically requested by the Buyer and at the sole cost and expense of the Buyer, the Sellers shall, and shall cause the Hostess Entities to, use their reasonable best efforts to obtain any required consents and approvals of parties to Contracts with any Hostess Entity, and the Buyer shall cooperate with reasonable requests of the Sellers in connection with obtaining such Consents. The Buyer agrees that any Filings or Permits with or from any Governmental Entity are the responsibility of the Buyer, and that the Buyer shall take, or cause to be taken, all actions and to do, or cause to be done, all things required, necessary, proper or advisable to obtain such Filings or Permits with or from any Governmental Entity as are required, necessary, proper or advisable in connection with the consummation of the Transactions; provided, however, that at the Buyer's expense, the Sellers shall, and shall cause the Hostess Entities to cooperate with reasonable requests of the Buyer in connection with obtaining such Filings or Permits. Without limiting the foregoing, from the date hereof through the Closing Date, the Buyer agrees that except as may be agreed in writing by the Sellers, the Buyer and its Affiliates shall not, and shall not permit any action, including entering into any transaction, which could reasonably be expected to impact the ability of the Parties to secure all required Filings or Permits with or from any Governmental Entity to consummate the Transactions, or take any action with any Governmental Entity relating to the foregoing, or agree, in writing or otherwise, to do any of the foregoing, in each case which could reasonably be expected to materially delay or prevent the consummation of the Transactions or result in the failure to satisfy any condition to consummation of the Transactions.

**Section 6.13. Transfer Taxes.** Notwithstanding any provision of this Agreement to the contrary, the Buyer, on the one hand, and the Sellers, on the other hand, in accordance with each Seller's Pro-Rata Share, shall each pay 50% of any Transfer Taxes incurred in connection with this Agreement and the other Transaction Documents and the consummation of the Transactions, including Taxes directly attributable to the Management LLC Merger. The Sellers and the Buyer shall cooperate in timely making all Filings, Tax Returns, reports and forms as may be required to comply with the provisions of such Tax Laws.



**Section 6.14. Tax Matters.**

(a) Prior to the Closing Date, the AP Hostess LP shall cause AP Hostess Holdings to provide AP Hostess LP with the statement described in Treas. Reg. Section 1.897-2(h)(1)(i) to the effect that no Hostess Entity constitutes a U.S. real property interest as defined in Section 897(c) of the Code. Within 30 days of providing the statement to the Sellers' Representative, as required by Treas. Reg. Section 1.897-2(h)(2), the Sellers shall cause AP Hostess Holdings, or, if after the Closing, the Buyer shall cause AP Hostess, Inc., to file with the IRS the notice described in Treas. Regs. Section 1.897-2(h), naming the Sellers' Representative as the foreign interest holder requesting the statement, and shall furnish a copy of such filing to the Sellers' Representative.

(b) On or prior to the Closing Date, each Seller shall deliver to the Buyer (i) a properly prepared and executed certificate of non-foreign status under Treas. Reg. Section 1.1445-2(b)(2) and (ii) an IRS Form W-9 claiming a complete exemption from backup withholding.

(c) The Buyer shall not make any election under Section 338 or 336(e) of the Code, or any similar provision of state or local law, with respect to the purchase of the Closing Hostess Securities.

(d) The Sellers shall prepare, or cause to be prepared, and timely file, or cause to be timely filed, all Tax Returns of the Hostess Entities due on or before the Closing Date in accordance with past practice, except as otherwise required by Tax Law, and shall timely pay all Taxes shown as due and owing thereon. The Buyer shall prepare, or cause to be prepared, and timely file, or cause to be timely filed, all Tax Returns of the Hostess Entities for all periods that begin before and end on or prior to the Closing Date or which include the Closing Date, which are filed after the Closing Date.

(i) At least 15 days prior to the date on which a non-Income Tax Return relating to a Pre-Closing Tax Period is due (taking into account any extensions of such due date), or such shorter period as is reasonable based on the filing deadline, the Buyer shall deliver to the Sellers' Representative for its review and approval a draft of such Tax Return and a statement of the amount of Tax that is the responsibility of the Sellers pursuant to Section 6.14(f) and Section 9.2(a)(vi), and the Sellers shall pay such amount of Tax showing due on such Tax Returns and on any Income Tax Returns relating to a Pre-Closing Tax Period filed after the Closing Date to the Buyer no later than three days prior to the date that such Tax is due; provided, that each Seller's obligation to pay such amounts shall be determined in accordance with its respective indemnification obligations under Section 9.2(a). The Sellers' Representative's approval of such Tax Returns shall not be unreasonably withheld, conditioned or delayed, provided that the Buyer accepts the reasonable written comments of the Sellers' Representative made on a timely basis.

(ii) The Buyer shall provide the Sellers' Representative with a copy of any proposed Income Tax Return relating to a Pre-Closing Tax Period and any associated work

papers at least 30 days prior to the filing of such Tax Return. The Buyer and the Sellers' Representative shall use good faith efforts to resolve any dispute regarding such Income Tax Returns. If the Buyer and the Sellers' Representative are unable to resolve any dispute arising pursuant to this Section 6.14, then they shall refer any disputes to the Independent Expert, whose determination shall be final and conclusive on the Parties, with the cost of such Independent Expert shared equally by the Buyer and the Sellers' Representative. If the Independent Expert has not rendered its determination with respect to the preparation of any Tax Returns pursuant to this Section 6.14 by the due date of such Income Tax Returns (taking into account any extensions obtained), then such Income Tax Returns shall be filed in the manner reasonably determined by the Buyer and including any reasonable comments of the Sellers' Representative and, if necessary, subsequently amended to conform with the decision of the Independent Expert.

(e) The Buyer and the Sellers shall, and shall each cause its Affiliates to, provide to the other Party such cooperation and information, as and to the extent reasonably requested, in connection with preparing, reviewing and filing of any Tax Return, amended Tax Return or claim for refund, determining liabilities for Taxes or a right to refund of Taxes, or in conducting any audit or other action with respect to Taxes, in each case, at the expense of the requesting party. Such cooperation and information shall include providing copies of all relevant portions of relevant Tax Returns, together with relevant accompanying schedules and relevant work papers, relevant documents relating to rulings and other determinations by Governmental Entities relating to Taxes, and relevant records concerning the ownership and Tax basis of property, which any such Party may possess. Each Party will retain all Tax Returns, schedules, work papers, and all material records and other documents relating to Tax matters of the Hostess Entities for the Tax period first ending after the Closing Date and for all prior Tax periods until the later of either (i) the expiration of the applicable statute of limitations (and, to the extent notice is provided with respect thereto, any extensions thereof) for the Tax periods to which the Tax Returns and other documents relate or (ii) eight years following the due date (without extension) for such Tax Returns. Thereafter, the Party holding such Tax Returns or other documents may dispose of them provided that such Party shall give to the other Party 30 days' written notice of such disposal and providing the other Party with the opportunity to copy (at such other Party's cost) such Tax Returns or other documents. Each Party shall make its employees reasonably available on a mutually convenient basis at its cost to provide explanation of any documents or information so provided.

(f) (i) If a Hostess Entity is permitted, but not required, under applicable foreign, state or local Income Tax Laws to treat the Closing Date as the last day of a taxable period, such day shall be treated as the last day of a taxable period; provided, that the Tax year of AP Hostess Holdings will end on the Closing Date.

(ii) For all purposes of this Agreement, including this Section 6.14, Section 9.2 and for purposes of calculating Final Closing Working Capital:

(1) Except as provided in Section 6.14(f)(ii)(2), any Taxes for a taxable period beginning before the Closing Date (the "**Straddle Period**") and ending after the Closing Date with respect to any Hostess Entity shall be apportioned between the portion of the period ending on the Closing Date and the portion of the period commencing on the day immediately following the Closing Date, based on the actual operations of such Hostess Entity, as the case may be, by a closing of the books of such Hostess Entity, as if the

Closing Date were the end of a Tax year, and each such portion of such period shall be deemed to be a taxable period (whether or not it is in fact a taxable period), and taking into account any net operating losses, credit or deduction generated in the period (or portion of the period) ending on the Closing Date. For purposes of computing the Taxes attributable to the two portions of a taxable period pursuant to this Section 6.14(f)(ii)(1), the amount of any item that is taken into account only once for each taxable period (e.g., the benefit of graduated tax rates, exemption amounts, etc.) shall be allocated between the two portions of the period in proportion to the number of days in each portion.

(2) In the case of any Taxes based on capitalization, debt or shares of stock authorized, issued or outstanding, or any real property, personal property or similar ad valorem Taxes that are payable for a taxable period that includes, but does not end on, the Closing Date, the portion of such Tax which relates to the portion of such taxable period ending on the Closing Date shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction, the numerator of which is the number of days in the taxable period ending on (and including) the Closing Date and the denominator of which is the number of days in the entire taxable period.

(3) For all purposes of this Agreement, and notwithstanding anything else in this Agreement (A) any deduction attributable to Hostess Transaction Costs, the payment of consulting fees, severance obligations, bonus obligations, “success fees” or bonuses payable to employees of a Hostess Entity, payments under the option plan, deferred unamortized financing fees, and the full amount of expenses described in Section 6.18 shall be allocated to the Pre-Closing Tax Period, (B) any Tax attributable to the making of an election under Section 338(g) or 336(e) of the Code (or similar provision under state or local Law) shall be allocated and payable solely by the Buyer and (C) any taxes attributable to any action taken by the Buyer or any Hostess Entity on the Closing Date after the Closing that is not in the ordinary course of business shall be allocated to the taxable period beginning after the Closing Date, except, in the case of clauses (A) and (C), as required by Law.

(4) To the extent permitted by Law, the Buyer shall cause each Hostess Entity to carry back and apply any net operating loss, credit or deduction that has accrued or was incurred in any taxable period ended on or prior to the Closing Date to prior taxable years in a Pre-Closing Tax Period, and shall not make any election to carry forward such loss to a taxable period ending after the Closing Date. The Buyer shall promptly file any claim for a net operating loss carryback.

(iii) To the extent not taken into account in determining the Final Closing Working Capital, the Buyer shall, or shall cause the Hostess Entities to, pay to each Seller, in accordance with such Seller’s Pro-Rata Share, the amount of any cash Tax refunds or credits of Taxes actually received by a Hostess Entity that arise with respect to any Pre-Closing Tax Period and the amount of any benefit of any overpayment actually received with respect to any Pre-Closing Tax Period that is applied in a taxable period (or portion thereof) beginning on or after the Closing Date (other than, in each case, refunds, credits or overpayments attributable to the carryback of losses, credits or similar items from a taxable period or portion thereof beginning on or after the Closing Date), in each case, net of any reasonable costs or Taxes incurred in connection therewith; provided, that the Buyer shall pay AP Hostess LP 100% of any Tax refund, credit or overpayment attributable to AP Hostess Holdings payable under this

Section 6.14(f)(iii). Such payments shall be made within 15 days of receipt of any such refund or credit or application of any such overpayment by the Buyer or the Hostess Entities. All other refunds and credits shall be retained by the Buyer. If any amount paid pursuant to this Section 6.14(f)(iii) shall subsequently be challenged successfully by any Taxing Authority, the Sellers shall repay to the Buyer such amount, together with any interest imposed thereon and any costs incurred by the Buyer or the Hostess Entities with respect to such challenge.

(g) For U.S. federal Income Tax purposes, the Parties intend to treat the Stage One Merger and the Stage Two Merger, taken together, as a Tax-free reorganization under Section 368(a)(1)(A) of Code.

(h) If a written notice of any Tax Proceeding with respect to any of the Hostess Entities is received by the Buyer or any of the Hostess Entities for which the Sellers could reasonably be expected to be liable pursuant to Section 9.2(a) (a “Tax Claim”), the notified party shall give the Sellers’ Representative prompt written notice of such Tax Claim; provided, that the failure by the applicable notified party to provide notice of such Tax Claim to the Sellers’ Representative shall not affect the rights or obligations of the Parties under this Agreement except to the extent the Sellers have been actually prejudiced as a result of such failure. After the Closing, upon the Sellers’ Representative’s delivery of notice to the Buyer within 30 days of the Sellers’ Representative’s receipt of written notice of such Tax Claim, the Sellers’ Representative shall have the right (at its option) to represent the interests of the applicable Hostess Entities in any Tax Claim relating to a Pre-Closing Tax Period (other than a Straddle Period); provided, however, that (i) the controlling party shall keep the non-controlling party reasonably informed and consult in good faith with the noncontrolling party with respect to any issue relating to such Tax Claim, (ii) the controlling party shall provide the non-controlling party with copies of all correspondence, notices and other written material received from any Governmental Entity with respect to such Tax Claim, (iii) the controlling party shall provide the non-controlling party with a copy of, and an opportunity to review and comment on, all submissions made to a Governmental Entity in connection with such Tax Claim and (iv) the controlling party may not agree to a settlement or compromise thereof without the prior written consent of the noncontrolling party, which consent shall not be unreasonably withheld, conditioned or delayed. If (A) the Sellers’ Representative fails to notify the Buyer of its election to control such a Tax Claim within 30 days following receipt by the Sellers’ Representative of a notice of such Tax Claim or (B) such Tax Claim relates to a Straddle Period, the Buyer shall control such Tax Claim, subject to the foregoing proviso. In the event of a conflict between the provisions of this Section 6.14(h), on the one hand, and the provisions of Section 9.4, on the other, the provisions of this Section 6.14(h) shall control.

(i) Any U.S. federal Income Tax Return for a taxable period ending on or including the Closing Date for a Hostess Entity that is properly characterized for U.S. federal income Tax purposes as a partnership shall include (and shall not rescind) a valid election under Section 754 of the Code (and under applicable state and local Tax Law) that is effective for the taxable year that includes the Closing Date.

**Section 6.15. Subscription Agreements.**

(a) The Buyer shall not permit any amendment or modification to be made to, or any waiver of any provision or remedy under, or any replacements of, the Subscription

Agreements in a manner materially adverse to the Sellers. The Buyer shall use its commercially reasonable efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by the Subscription Agreements on the terms and conditions described therein, including maintaining in effect the Subscription Agreements and using its commercially reasonable efforts to (i) satisfy in all material respects on a timely basis all conditions and covenants applicable to the Buyer in the Subscription Agreements and otherwise comply with its obligations thereunder, (ii) in the event that all conditions in the Subscription Agreements (other than conditions that the Buyer or any of its Affiliates control the satisfaction of and other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied, consummate transactions contemplated by the Subscription Agreements at or prior to Closing and (iii) enforce its rights under the Subscription Agreements in the event that all conditions in the Subscription Agreements (other than conditions that the Buyer or any of its Affiliates control the satisfaction of and other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied, to cause the applicable Co-Investors to contribute to the Buyer the applicable portion of the Co-Investor Amount set forth in the Subscription Agreements at or prior to the Closing. Without limiting the generality of the foregoing, the Buyer shall give the Sellers, prompt (and, in any event within three Business Days) written notice: (A) of any amendment to any Subscription Agreement (together with a copy of such amendment), (B) of any breach or default (or any event or circumstance that, with or without notice, lapse of time or both, could give rise to any breach or default) by any party to any Subscription Agreement known to the Buyer; (C) of the receipt of any written notice or other written communication from any party to any Subscription Agreement with respect to any actual, potential or claimed expiration, lapse, withdrawal, breach, default, termination or repudiation by any party to any Subscription Agreement or any provisions of any Subscription Agreement and (D) if the Buyer does not expect to receive all or any portion of the Co-Investor Amount on the terms, in the manner or from the sources contemplated by the Subscription Agreements. The Subscription Agreements contain all of the conditions precedent to the obligations of the Co-Investors to contribute to the Buyer the applicable portion of the Co-Investor Amount set forth in the Subscription Agreements on the terms therein.

(b) The Buyer shall use its commercially reasonable efforts to cause the Co-Investors to contribute the Co-Investor Amount at or prior to the Closing if all conditions set forth in the applicable Subscription Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing and other than conditions that the Buyer or any of its Affiliates control the satisfaction of). The Buyer shall use its commercially reasonable efforts to take, or cause to be taken, all actions required to obtain the Co-investor Amount contemplated by the Subscription Agreements, including enforcing the rights of the Buyer under the Subscription Agreements.

#### **Section 6.16. Release.**

(a) Effective upon and following the Closing, the Buyer, on its own behalf and on behalf of each Hostess Entity and each of their respective Affiliates and Representatives, generally, irrevocably, unconditionally and completely releases and forever discharges each Seller, each of their respective Affiliates and each of their and their respective Affiliates' respective Related Parties, and each of their respective successors and assigns and each of their respective Related Parties (collectively, the "**Seller Released Parties**") from all disputes, claims,

Losses, controversies, demands, rights, liabilities, actions and causes of action of every kind and nature, whether known or unknown, arising from any matter concerning any Hostess Entity occurring prior to the Closing Date (other than as contemplated by this Agreement, including with respect to Article IX hereof), including for controlling equityholder liability or breach of any fiduciary duty relating to any pre-Closing actions or failures to act by the Seller Released Parties; provided, however, that nothing in this Section 6.16 shall release the Seller Released Parties from their obligations under this Agreement or the other Transaction Documents.

(b) Effective upon and following the Closing, each Seller, on its own behalf and on behalf of each of their respective Affiliates and Representatives, generally, irrevocably, unconditionally and completely releases and forever discharges the Buyer and each Hostess Entity, each of their respective Affiliates and each of their and their respective Affiliates' respective Related Parties, and each of their respective successors and assigns and each of their respective Related Parties (collectively, the "**Buyer Released Parties**") from all disputes, claims, Losses, controversies, demands, rights, liabilities, actions and causes of action of every kind and nature, whether known or unknown, arising from any matter concerning any Hostess Entity occurring prior to the Closing Date (other than as contemplated by this Agreement, including with respect to Section 6.18 and Article IX hereof); provided, however, that nothing in this Section 6.16 shall release the Buyer Released Parties from their obligations (i) under this Agreement or the other Transaction Documents or (ii) with respect to any salary, bonuses, vacation pay or employee benefits accrued pursuant to a Benefit Plan in effect as of the date of this Agreement or any expense reimbursement pursuant to a policy of the Hostess Entities in effect as of the date of this Agreement and consistent with past practice.

**Section 6.17. Further Actions.**

(a) Subject to the terms and conditions of this Agreement, the Buyer and each of the Sellers agree to use their reasonable best efforts (except where a different efforts standard is specifically contemplated by this Agreement, in which case such different standard shall apply) to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the Transactions.

(b) Subject to the terms and conditions of this Agreement, at any time and from time to time after the Closing, at a Party's request and without further consideration, the other Parties shall execute and deliver to such requesting Party such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as required in order to consummate the Transactions.

(c) From the date of this Agreement until the earlier of the termination of this Agreement in accordance with its terms and the Closing, the Sellers shall give prompt notice to the Buyer, and the Buyer shall give prompt notice to the Sellers, of (i) any notice or other communication received by such Party from any Governmental Entity in connection with the Transactions or from any Person alleging that the consent of such Person is or may be required in connection with the Transactions, (ii) any actions, suits, claims, investigations or other Legal Proceedings commenced or threatened against, relating to or involving or otherwise affecting such Party or its Subsidiaries which relate to the Transactions, (iii) the discovery of any fact or circumstance that, or the occurrence or non-occurrence of any event the occurrence or non-occurrence of which, has caused any representation or warranty made by such party contained in

this Agreement to be untrue or inaccurate, and (iv) any failure of such Party to comply with or satisfy any covenant or agreement to be complied with or satisfied by it hereunder. For the avoidance of doubt, the delivery of any notice pursuant to this Section 6.17(c) shall not (A) cure any breach of, or non-compliance with, any other provision of this Agreement, (B) limit the remedies available to the Party receiving such notice, or (C) constitute an acknowledgment or admission of breach of this Agreement.

**Section 6.18. D&O Indemnification and Insurance.**

(a) The Buyer agrees that all rights to exculpation, indemnification and advancement of expenses now existing in favor of the current or former directors or officers, as the case may be, of any Hostess Entity (each, together with such person's heirs, executors or administrators, a "**D&O Indemnified Party**"), as provided in their respective Organizational Documents or in any indemnification agreement with a Hostess Entity set forth on Section 6.18(a) of the Disclosure Schedule shall survive the Closing and shall continue in full force and effect. For a period of six years from the Closing Date, the Buyer shall cause the Hostess Entities to maintain in effect the exculpation, indemnification and advancement of expenses provisions of such Hostess Entity's Organizational Documents as in effect immediately prior to the Closing Date or in any indemnification agreements of each Hostess Entity with any D&O Indemnified Party as in effect immediately prior to the Closing Date, and the Buyer shall, and shall cause the Hostess Entities to, not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any D&O Indemnified Party; provided, however, that all rights to indemnification or advancement of expenses in respect of any Legal Proceedings pending or asserted or any claim made within such period shall continue until the disposition of such Legal Proceeding or resolution of such claim. From and after the Closing Date, the Buyer shall cause the Hostess Entities to honor, in accordance with their respective terms, each of the covenants contained in this Section 6.18 without limit as to time.

(b) The Sellers shall cause the Hostess Entities to obtain prior to the Closing Date fully-paid six-year "tail" insurance policies (the "**D&O Tail**") with respect to directors' and officers' liability insurance of the type and with the amount of coverage no less favorable than those of the directors' and officers' liability insurance maintained as of the date hereof by the Hostess Entities (the "**Current Policies**"), and with such other terms as are no less favorable in the aggregate than those in the Current Policies. The Buyer shall cause the Hostess Entities to maintain the D&O Tail in full force and effect, for its full term, and cause all obligations thereunder to be honored by the Hostess Entities, as applicable, and no other party shall have any further obligation to purchase or pay for such insurance pursuant to this Section 6.18(b).

(c) The rights of each D&O Indemnified Party hereunder shall be in addition to, and not in limitation of, any other rights such person may have under the Organizational Documents of any Hostess Entity, any other indemnification arrangement, any Law or otherwise. The provisions of this Section 6.18 shall survive the Closing and expressly are intended to benefit, and are enforceable by, each of the D&O Indemnified Parties, each of whom is an intended third-party beneficiary of this Section 6.18.

(d) In the event the Buyer, any Hostess Entity or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all

or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of the Buyer, such Hostess Entity shall assume the obligations set forth in this Section 6.18.

**Section 6.19. Rollover Credit Agreements.**

(a) The Sellers shall take such actions, including by causing the applicable Hostess Entities to take such actions, as are reasonably necessary to ensure that the Transactions will satisfy the requirements of a Permitted Change in Control under each Rollover Credit Agreements, including (i) delivering the notices required by clause (f) of the definition Permitted Change in Control at least 15 days prior to the Closing Date, (ii) facilitating delivery of “know-your-customer” information relating to the Buyer that has been requested by the administrative agents under the Rollover Credit Agreements pursuant to clause (g) of the definition of Permitted Change in Control and (iii) delivering the certificates required by clause (h) of the definition of Permitted Change in Control. The Buyer shall use commercially reasonable efforts to cooperate with and assist the Sellers in connection with the foregoing and shall provide the Sellers and their Representatives with any readily available financial information relevant to the occurrence of a Permitted Change in Control under each of the Rollover Credit Agreements, and execute any documents relevant to the occurrence of a Permitted Change in Control under each of the Rollover Credit Agreements, in each case, that is reasonably requested by the Sellers in connection with the foregoing, all at Sellers’ sole cost and expense; provided, that notwithstanding the foregoing, nothing in this Agreement (including this Section 6.19(a)) shall require any such cooperation to the extent that it would require the Buyer or any of its Related Parties to (A) incur any cost, expense or other liability or give any indemnities, (B) take any action that conflicts with or violates its Organizational Documents, any Contract to which it is a party or any applicable Laws or (C) approve any debt financing or enter into any agreement or deliver any document or instrument relating to any debt financing.

(b) Simultaneously with the Closing (i) the Buyer shall contribute the Deleveraging Amount to Hostess Holdings, (ii) immediately thereafter, the Buyer shall cause Hostess Holdings to contribute the Deleveraging Amount to New Hostess Holdco, (iii) immediately thereafter, the Buyer shall cause New Hostess Holdco to contribute the Deleveraging Amount to Hostess Holdco, (iv) immediately thereafter, the Buyer shall cause Hostess Holdco to contribute the Deleveraging Amount to HB Holdings, LLC, (v) immediately thereafter, the Buyer shall cause HB Holdings, LLC to contribute the Deleveraging Amount to Hostess Brands and (vi) immediately thereafter, the Buyer shall cause Hostess Brands to pay to the lenders under the Rollover Credit Agreements an amount equal to (A) the Deleveraging Amount, plus (B) the Estimated Hostess Cash in excess of \$7,500,000, as a partial repayment of the outstanding Rollover Indebtedness. Prior to the Closing, at the request of the Buyer, the Sellers will deliver, or will cause the applicable Hostess Entity to deliver, prepayment notices under the Rollover Credit Agreements in respect of the payments to be made pursuant to clause (vi) of the previous sentence, which prepayment notices may be conditional in accordance with the terms of the Rollover Credit Agreements.

**Section 6.20. Aircraft Lease.** At or prior to the Closing, the Sellers shall, and shall cause the Hostess Entities, to (a) terminate all Contracts and other arrangements involving the lease of any aircraft by or to any of the Hostess Entities and (b) deliver to the Buyer evidence reasonably satisfactory to the Buyer that all of such Contracts and other arrangements have been



terminated without any liability or obligation on any Hostess Entity following the Closing, including the payment and satisfaction of any liabilities and obligations due thereunder; provided, that in the event such Contracts or other arrangements have not been terminated as of the Closing, all liabilities and obligations due thereunder as of the Closing shall be deemed Hostess Transaction Expenses.

**Section 6.21. Board of Directors.** The Parties shall use commercially reasonable efforts to ensure that board of directors of the Buyer at the Closing shall be comprised of seven members, consisting of (a) C. Dean Metropoulos, (b) one director to be designated by Apollo Global Management, (c) one director to be designated by Gores Sponsor LLC, (iii) the three current independent directors of the Buyer and (d) one independent director to be mutually selected by the Parties.

**Section 6.22. Section 280G Approval.** As soon as reasonably practicable following the date hereof, but in no event later than five Business Days prior to the Closing Date, AP Hostess Holdings shall (a) solicit, and use commercially reasonable efforts to secure, from each Person who has a right to any payments and/or benefits or potential right to any payments and/or benefits as a result of or in connection with the transactions contemplated herein that would be deemed to constitute “parachute payments” (within the meaning of Section 280G of the Code and the regulations promulgated thereunder (“**Section 280G**”)) a waiver of such Person’s rights to any such payments and/or benefits, including any potential payments and/or benefits (the “**Waived 280G Benefits**”) applicable to such Person so that all remaining payments and/or benefits applicable to such Person shall not be deemed to be “excess parachute payments” (within the meaning of Section 280G); and (b) if a waiver of Section 280G is obtained, solicit, and use commercially reasonable efforts to secure, at least three Business Days prior to the Closing Date, the approval of its stockholders, to the extent and in the manner required under Sections 280G(b)(5)(A)(ii) and 280G(b)(5)(B) of the Code and the regulations promulgated thereunder, in order to pay any Waived 280G Benefits. AP Hostess Holdings shall provide drafts of such waivers and such stockholder approval materials, including disclosure documents, to the Buyer for its review and comment at least three Business Days prior to obtaining such waivers and soliciting such approval. None of the Waived 280G Benefits shall be made if they are not approved by the stockholders of AP Hostess Holdings as contemplated above. Prior to the Closing Date, AP Hostess Holdings shall deliver to the Buyer evidence that a vote of its stockholders was solicited in accordance with the provisions of this Section 6.22 and that either (i) the requisite number of stockholder votes was obtained with respect to the Waived 280G Benefits (the “**280G Approval**”); or (ii) that the 280G Approval was not obtained, and, as a consequence, the Waived 280G Benefits have not been and shall not be made or provided.

## ARTICLE VII

### CLOSING CONDITIONS

**Section 7.1. The Buyer's Conditions to Closing.** The obligation of the Buyer to consummate the Transactions shall be subject to fulfillment at or prior to the Closing of the following conditions, any one or more of which may be waived in writing by the Buyer:

(a) Representations and Warranties.

(i) The Fundamental Representations of the Sellers shall be true and correct in all material respects (without giving effect to any limitation as to "materiality" or "Hostess Material Adverse Effect" or any similar limitation contain herein) as of the Closing Date as though made on and as the Closing Date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date); and

(ii) all other representations and warranties of the Sellers set forth in Article III and Article IV hereof shall be true and correct (without giving effect to any limitation as to "materiality" or "Hostess Material Adverse Effect" or any similar limitation contained herein) as of the Closing Date as though made on and as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure of such representations and warranties of the Sellers to be so true and correct, individually or in the aggregate, has not had and is not reasonably likely to have a Hostess Material Adverse Effect.

( b ) Compliance with Agreements. The covenants, agreements and obligations required by this Agreement to be performed and complied with by the Sellers at or prior to the Closing shall have been performed and complied with in all material respects at or prior to the Closing.

( c ) Certificates. The Sellers' Representative shall execute and deliver to the Buyer, on behalf of the Sellers, a certificate executed by the Sellers' Representative, dated as of the Closing Date, stating that the conditions specified in Section 7.1(a), Section 7.1(b) and Section 7.1(f) have been satisfied, and the Hostess Companies shall execute and deliver to the Buyer a certificate, reasonably acceptable to the Buyer in form and substance, executed by an authorized representative of each Hostess Company stating that such Hostess Company is not, and during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code has not been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code).

( d ) Documents. The Sellers shall have delivered to the Buyer or shall stand ready to deliver all of the certificates, instruments, Contracts and other documents specified to be delivered by it hereunder, including a fully executed IRS Form W-9 for each Seller and copies of the documents to be delivered by the Sellers pursuant to Section 2.4(c), duly executed by the Sellers and the Hostess Companies, as applicable.

( e ) Resignations. Each member of the board of directors of Hostess GP shall have executed and delivered to Hostess GP and the Buyer a letter of resignation resigning as a member of the board of directors of Hostess GP.

( f ) No Material Adverse Effect. From the date hereof through the Closing Date, there shall not have occurred any event, change, circumstance, effect, occurrence, condition, state of facts or development that would, individually or in the aggregate, reasonably be expected to result in a Hostess Material Adverse Effect.

( g ) No Legal Proceedings. There shall not be instituted, pending or threatened in writing any Legal Proceeding initiated by any Governmental Entity challenging or seeking to make illegal or otherwise directly or indirectly restrain or prohibit the consummation of the Transactions.

( h ) Rollover Credit Agreements. The consummation of the Transactions on the Closing Date shall have satisfied the requirements of a Permitted Change in Control ((i) other than (A) the requirements set forth in clauses (d), (e) (to the extent within the control of the Buyer or its Affiliates) and (g) of the definition thereof and (B) requirements that by their nature are to be satisfied by actions taken on the Closing Date and (ii) assuming the application of the Deleveraging Amount and the Estimated Hostess Cash as set forth in Section 6.19(b)) and, as of the Closing Date, no Rollover Credit Agreement Default shall have occurred and be continuing.

( i ) Required Funds. The funds contained in the Trust Account, together with the Co-Investor Amount and the CDM Rollover Amount, shall equal or exceed the Buyer's Required Funds.

**Section 7.2. The Sellers' Conditions to Closing.** The obligation of the Sellers to consummate the Transactions shall be subject to fulfillment at or prior to the Closing of the following conditions, any one or more of which may be waived in writing by the Sellers:

(a) Representations and Warranties.

(i) The Fundamental Representations of the Buyer shall be true and correct in all material respects (without giving effect to any limitation as to "materiality" or "material adverse effect" or any similar limitation contain herein) as of the Closing Date as though made on and as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date); and

(ii) all other representations and warranties of the Buyer set forth in Article V hereof shall be true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" or any similar limitation contained herein) as of the Closing Date as though made on and as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure of such representations and warranties of the Buyer to be so true and correct, individually or in the aggregate, would not reasonably be expected to prevent or materially delay the consummation of any of the Transactions.

( b ) Compliance with Agreements. The covenants, agreements and obligations required by this Agreement to be performed and complied with by the Buyer at or prior to the Closing shall have been performed and complied with in all material respects at or prior to the Closing.

(c) Certificates. The Buyer shall execute and deliver to the Sellers a certificate executed by an authorized officer of the Buyer, dated as of the Closing Date, stating that the conditions specified in Section 7.2(a) and Section 7.2(b) have been satisfied.

( d ) Documents. The Buyer shall have delivered or shall stand ready to deliver all of the certificates, instruments, Contracts and other documents specified to be delivered by it hereunder, including copies of the documents to be delivered by the Buyer pursuant to Section 2.4(b), duly executed by the Buyer and Merger Sub, as applicable.

(e) Buyer A&R Charter. The Buyer Charter shall be amended and restated in the form of the Buyer A&R Charter.

( f ) Listing of Stock Consideration. The Buyer Class A Common Stock to be issued as Stock Consideration shall have been approved for listing on the NASDAQ Capital Market.

( g ) Required Funds. The funds contained in the Trust Account, together with the Co-Investor Amount and the CDM Rollover Amount, shall equal or exceed the Sellers' Required Funds.

( h ) Trust Account. (i) The Buyer shall have made all necessary arrangements with the Trustee to cause the Trustee to disburse all of the funds contained in the Trust Account available to the Buyer to be released to the Buyer at the Closing; (ii) all of such funds in the Trust Account available to the Buyer shall be released to the Buyer for payment of the Closing Cash Payment Amount, the Buyer Transaction Costs, the Estimated Hostess Transaction Costs and the Estimated LTIP Amount, and contribution of the Deleveraging Amount; and (iii) there shall be no Legal Proceeding pending or threatened by any Person (not including the Sellers and their Affiliates) with respect to or against the Trust Account that would reasonably be expected to have a material adverse effect on the Buyer's ability to perform its obligations hereunder.

**Section 7.3. Mutual Conditions to Closing**. The respective obligations of the Buyer and the Sellers to consummate the Transactions shall be subject to fulfillment at or prior to the Closing of the following conditions, any one or more of which may be waived by mutual written agreement of the Buyer and the Sellers:

(a) Governmental Approvals. All applicable waiting periods (and any extensions thereof) under the HSR Act will have expired or otherwise been terminated, and the Parties will have received or have been deemed to have received all other necessary pre-closing authorizations, consents, clearances, waivers and approvals of all Governmental Entities in connection with the execution, delivery and performance of this Agreement, the Merger Agreement and the Transactions.

( b ) Absence of Orders. No provision of any applicable Law prohibiting, enjoining, restricting or making illegal the consummation of the Transactions shall be in effect and no temporary, preliminary or permanent restraining Order enjoining, restricting or making illegal the consummation of the Transactions will be in effect.

(c) Buyer Stockholder Approval. The Buyer Stockholder Approval shall have been duly obtained in accordance with the DGCL, the Buyer's Organizational Documents, and the NASDAQ rules and regulations.

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## ARTICLE VIII

### TERMINATION

#### **Section 8.1. Grounds for Termination.**

This Agreement may be terminated:

(a) by either the Buyer or, upon notice from the Sellers' Representative to the Buyer, the Sellers ( provided that the terminating Party is not then in breach of any representation, warranty, covenant or other agreement contained in this Agreement such that the conditions to Closing set forth in Section 7.1(a), Section 7.1(b), Section 7.2(a), Section 7.2(b), Section 7.3(a) or Section 7.3(b), as applicable, would not have been satisfied) if the Closing shall not have occurred by November 30, 2016 (the "**Outside Date**");

(b) by the Buyer if (i) there exists a breach of any representation or warranty of the Sellers contained in this Agreement such that the closing condition set forth in Section 7.1(a) would not be satisfied or (ii) the Sellers shall have breached any of the covenants or agreements contained in this Agreement to be complied with by the Sellers such that the Closing condition set forth in Section 7.1(b) would not be satisfied; provided, that (A) the Buyer shall not be entitled to terminate this Agreement pursuant to this Section 8.1(b) unless, in the case of (i) or (ii), the Sellers have not cured such breach by the date that is 30 days after the date that the Sellers receive written notice of such breach from the Buyer (or such lesser period remaining prior to the date that is one day prior to the Outside Date); and (B) the Buyer shall not be entitled to terminate this Agreement pursuant to this Section 8.1(b) if, at the time of such termination, the Buyer is in breach of any representation, warranty, covenant or other agreement contained in this Agreement in a manner such that the conditions to Closing set forth in Section 7.2(a) or Section 7.2(b), as applicable, would not have been satisfied;

(c) by the Sellers, upon notice from the Sellers' Representative to the Buyer, if (i) there exists a breach of any representation or warranty of the Buyer contained in this Agreement such that the closing condition set forth in Section 7.2(a) would not be satisfied or (ii) the Buyer shall have breached any of the covenants or agreements contained in this Agreement and the other Transaction Documents to be complied with by the Buyer such that the closing condition set forth in Section 7.2(b) would not be satisfied; provided, that (A) the Sellers shall not be entitled to terminate this Agreement pursuant to this Section 8.1(c) unless, in the case of (i) or (ii), the Buyer has not cured such breach by the date that is 30 days after the date that the Buyer receives written notice of such breach from the Sellers (or such lesser period remaining prior to the date that is one day prior to the Outside Date); and (B) the Sellers shall not be entitled to terminate this Agreement pursuant to this Section 8.1(c) if, at the time of such termination, the Sellers are in breach of any representation, warranty, covenant or other agreement contained in this Agreement in a manner such that the conditions to Closing set forth in Section 7.1(a) or Section 7.1(b), as applicable, would not have been satisfied;

(d) by either the Buyer or, upon notice from the Sellers' Representative to the Buyer, the Sellers if (i) there shall be in effect a final, nonappealable Order prohibiting, enjoining, restricting or making illegal the Transactions or (ii) at the Buyer Stockholders Meeting (including any adjournments thereof) the Buyer Stockholder Approval is not obtained; or

(e) at any time prior to the Closing Date by mutual written agreement of the Buyer and the Sellers.

**Section 8.2. Effect of Termination.** Termination of this Agreement pursuant to Section 8.1 shall terminate all obligations of the Parties, except for the obligations under Section 6.5, Section 6.11, Article X and the Confidentiality Agreement; provided, however, that termination pursuant to Section 8.1 shall not relieve a defaulting or breaching Party (whether or not the terminating Party) from any liability to the other Party resulting from any intentional default or intentional breach hereunder unless, with respect to a termination pursuant to Section 8.1, the Parties have expressly waived such defaulting or breaching Party from any liability resulting from any such default or breach hereunder.

## ARTICLE IX

### INDEMNIFICATION

#### **Section 9.1. Survival.**

(a) Except as otherwise set forth in this Section 9.1(a), all representations and warranties contained in this Agreement shall survive the Closing for a period of 12 months from the Closing. The representations and warranties contained in Section 3.1 (Organization and Existence), Section 3.2 (Authority and Enforceability), Section 3.5 (Capitalization), Section 3.6 (Brokers), Section 4.2 (Capitalization of the Hostess Companies), Section 4.27 (Brokers), Section 5.1 (Organization and Existence), Section 5.2 (Authority and Enforceability), Section 5.4 (Capitalization) and Section 5.22 (Brokers) (collectively, the “**Fundamental Representations**”) shall survive the Closing until the fifth anniversary of the Closing Date, and the representations and warranties contained in Section 4.15 (Taxes) (the “**Tax Representations**”) shall survive the Closing until the date which is 30 days after the expiration of the applicable statute of limitations with respect to such Tax matters (including any extensions thereof).

(b) The covenants and agreements contained in this Agreement that by their terms do not contemplate performance after the Closing shall not survive the Closing. The covenants and agreements contained in this Agreement that by their terms contemplate performance after the Closing Date shall survive the Closing in accordance with their terms until such covenants and agreements are fully performed or fulfilled.

(c) The period for which a representation or warranty, covenant or agreement survives the Closing is referred to herein as the “**Applicable Survival Period**.” In the event notice of a claim for indemnification under Section 9.2 or Section 9.3 is given within the Applicable Survival Period, the representation or warranty, covenant or agreement that is the subject of such indemnification claim shall survive with respect to such claim until such claim is finally resolved.

#### **Section 9.2. Indemnification by the Sellers.**

(a) Subject to the limitations set forth herein, after the Closing, each of the Sellers shall severally, but not jointly, compensate, reimburse, indemnify, hold harmless and defend the Buyer against, and shall hold the Buyer, its Representatives and its Affiliates

(including the Hostess Companies), each of their respective Related Parties, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “**Buyer Indemnitees**”) harmless from, any loss, liability, claim, charge, action, suit, proceeding, assessed interest, penalty, damage, Tax or cost or expense (including reasonable legal, accounting and other costs and expenses of professionals) (collectively, “**Losses**”) resulting from, arising out of, or incurred by such Buyer Indemnitee in connection with, or otherwise with respect to: (i) any failure of any representation or warranty of such Seller contained in Article III to be true and correct as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date, except that any such representations or warranties which by their express terms are made solely as of a specified earlier date shall be true and correct only as of such specified earlier date; (ii) any failure of any representation or warranty of the Sellers contained in Article IV to be true and correct as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date, except that any such representations or warranties which by their express terms are made solely as of a specified earlier date shall be true and correct only as of such specified earlier date; (iii) any breach of the covenants or agreements of such Seller contained in this Agreement, (iv) any breach of the covenants or agreements of the Hostess Entities in respect of covenants and agreements contained in this Agreement that are required to be performed prior to or contemporaneously with the Closing, (v) any Hostess Transaction Costs or LTIP Payment Amounts that remain unpaid as of Closing and for which any Hostess Entity remains liable (in each case, to the extent not included in determining the Closing Working Capital Adjustment Amount or as part of the Final Hostess Transaction Costs or the Final LTIP Payment Amount, respectively, in accordance with Section 2.5), (vi) (A) any Taxes (or the non-payment thereof) of the Hostess Entities for any Pre-Closing Tax Period, (B) any Taxes imposed on any of the Hostess Entities for Taxes of any Person by reason of being a transferee or successor to such Person prior to the Closing Date, pursuant to Treas. Reg. Section 1.1502-6 (or comparable provision under any other applicable Law) by reason of being affiliated with such Person prior to the Closing or any Contract entered into by any of the Hostess Entities prior to the Closing or (C) the failure of any representations and warranties with respect to Taxes to be true and correct in all respects or the breach or non-performance of any covenant or agreement with respect to Taxes by any of the Hostess Entities prior to the Closing, or by the Sellers or the Sellers’ Representative, in each case to the extent not taken into account in determining the Closing Working Capital Adjustment Amount in accordance with Section 2.5 or paid pursuant to Section 6.14), (vii) any inaccuracy in the Allocation Schedule and (viii) the matter referred to in Schedule E hereto (the “**Specified Matter**”); provided, that any indemnification obligations of the Sellers pursuant to this Section 9.2(a)(ii), (iv), (v), (vi), (vii), and (viii) shall be satisfied by the Sellers in accordance with their respective Pro-Rata Shares; provided, further, that (A) AP Hostess LP shall pay 100% of any indemnification obligations arising under Section 9.2(a)(vi) with respect to Taxes imposed on AP Hostess Holdings, (B) only the Seller(s) that benefit from any inaccuracy in the Allocation Schedule shall be responsible for any indemnification obligations arising under Section 9.2(a)(vii), and in such case, shall be responsible for such indemnification obligations in proportion to the benefit accruing to such Seller(s) and (C) the Buyer shall have no right to bring a claim for indemnification arising with respect to the Specified Matter other than pursuant to Section 9.2(a)(viii).

(b) Subject to Section 9.2(c), no Seller shall be liable for any Loss or Losses unless the claim for such Loss or Losses is brought within the Applicable Survival Period. No Seller shall be liable for any Loss or Losses if such Loss or Losses arise from a failure of a

representation or warranty of a Seller to be true and correct, other than a Loss or Losses arising from a failure of any Fundamental Representation or a Tax Representation to be true and correct, unless and until the amount of Losses arising from any matter or series of matters relating to the same underlying fact, circumstance, action or event exceeds \$300,000 (“**Covered Losses**”). No Seller shall be liable for any Loss or Losses if such Loss or Losses arise from a failure of a representation or warranty of a Seller to be true and correct, other than a Loss or Losses arising from a failure of any Fundamental Representation to be true and correct, unless and until the aggregate amount of all Covered Losses incurred by Buyer Indemnitees exceeds 0.75% of the Closing Cash Payment Amount (the “**Deductible**”), and then only to the extent that such Covered Losses exceed the Deductible; provided, however, that (i) the cumulative indemnification obligations of each Seller under Section 9.2(a)(i) or Section 9.2(a)(ii), other than with respect to any Loss or Losses arising from a failure of any Fundamental Representation or a Tax Representation to be true and correct, shall in no event exceed 7.5% of the Closing Cash Payment Amount actually received by such Seller pursuant to Article II, (ii) the cumulative indemnification obligations of the Sellers under Section 9.2(a)(viii) shall in no event exceed \$12,000,000 in the aggregate (the “**Specified Matter Cap**”), (iii) the cumulative indemnification obligations of the Sellers under this Agreement shall in no event exceed the Closing Cash Payment Amount in the aggregate (the “**Indemnity Cap**”) and (iv) the cumulative indemnification obligations of each Seller under this Agreement shall in no event exceed the cash amount actually received by such Seller pursuant to Article II.

(c) Within 20 calendar days of each Specified Matter Calculation Date, the Buyer will prepare, or cause to be prepared, and deliver to the Sellers’ Representative a statement (the “**Specified Matter Statement**”) setting forth the Buyer’s good faith estimate of the aggregate unsatisfied indemnification obligations of the Sellers pursuant to Section 9.2(a)(viii) with respect to the Specified Matter for the period from the Closing Date to such Specified Matter Calculation Date, taking into account all recoveries from insurance policies or any other Person alleged to be responsible for such Losses, any Tax benefits (to the extent such Tax benefits would be available to reduce such Losses pursuant to Section 9.6(c)) and any such Losses previously recovered pursuant to this Section 9.2(c) (the “**Specified Matter Indemnification Amount**”). Upon receipt from the Buyer, the Sellers shall have 30 days to review the Specified Matter Statement (the “**Specified Matter Review Period**”). At the request of the Sellers’ Representative, the Buyer (i) shall reasonably cooperate and assist, and shall cause its Subsidiaries, including the Hostess Entities, and each of their respective Representatives to reasonably cooperate and assist, the Sellers’ Representative and its Representatives in the review of the Specified Matter Statement (including by requesting their respective accountants to deliver to the Sellers’ Representative and its Representatives copies of their work papers relating to the Hostess Entities) and (ii) shall provide the Seller’ Representative and its Representatives with any information reasonably requested by the Sellers’ Representative that is necessary for its review of the Specified Matter Statement. If the Sellers’ Representative disagrees with the Buyer’s computation of the Specified Matter Indemnification Amount, the Sellers’ Representative shall, on or prior to the last day of the Specified Matter Review Period, deliver a written notice to the Buyer (the “**Specified Matter Notice of Objection**”) that sets forth the Sellers’ Representative’s objections to the Buyer’s calculation of the Specified Matter Indemnification Amount for such period. Upon receipt of a Specified Matter Notice of Objection, the Buyer and the Sellers’ Representative shall negotiate in good faith for a period of 30 days to agree upon the Specified Matter Indemnification Amount relating to such Specified



Matter Calculation Date, and if the Buyer and the Sellers' Representative are unable to agree upon such Specified Matter Indemnification Amount, such dispute shall be resolved in accordance with Section 10.7. Within 60 calendar days following the final determination of any Specified Matter Indemnification Amount (either by agreement in accordance with this Section 9.2(c) or pursuant to a final and non-appealable judgment obtained in accordance with Section 10.7) (a "**Specified Matter Payment Date**"), each Seller shall pay such Seller's Pro-Rata Share of the Specified Matter Indemnification Amount by wire transfer of immediately available funds in U.S. dollars to the account of Hostess Holdings designated by the Buyer; provided, that if the Specified Matter Payment Date falls between January 1 and the date that is 30 calendar days following the date on which the Buyer files its annual report on Form 10-K with the SEC for the preceding calendar year, the Specified Matter Payment Date shall be extended until the date that is 30 calendar days following the date on which the Buyer files its annual report on Form 10-K with the SEC for the preceding fiscal year. The Sellers' Representative shall be permitted to instruct the Escrow Agent to release to each Seller, in accordance with the Escrow Agreement, the number of such Seller's Specified Matter Escrow Shares as are necessary, in the Sellers' Representative's reasonable discretion, to fund such Seller's portion of the Specified Matter Indemnification Amount. Notwithstanding anything herein to the contrary, the Buyer shall have no right to bring a claim for indemnification under Section 9.2(a)(viii) other than pursuant to a Specified Matter Statement delivered following each Specified Matter Calculation Date. Following the final Specified Matter Calculation Date and the final determination and payment of all Specified Matter Indemnification Amounts to the Buyer in accordance with this Section 9.2(c), the Buyer and the Sellers' Representative shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to release from the Specified Matter Escrow Account to each Seller the remaining portion of such Seller's Specified Matter Escrow Shares, and thereafter all obligations of the Sellers under Section 9.2(a)(viii) shall terminate and cease to have any further force or effect. The indemnification obligations of the Sellers pursuant to Section 9.2(a)(viii) shall survive until the second anniversary of the Closing Date; provided, that in the event the Buyer makes a claim for indemnification pursuant to a Specified Matter Statement delivered to the Sellers' Representative on or prior to 11:59 p.m. Eastern time on the day that is 20 days following the second anniversary of the Closing Date, any indemnification claim contained in such Specified Matter Statement shall survive until such claim is finally resolved (either by agreement in accordance with this Section 9.2(c) or pursuant to a final and non-appealable judgment obtained in accordance with Section 10.7). Promptly following the delivery of the Specified Matter Statement for the second Specified Matter Calculation Date (and no later than five Business Days thereafter), the Buyer and the Sellers' Representative shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to release from the Specified Matter Escrow Account to each Seller 50% of the remaining portion of such Seller's Specified Matter Escrow Shares, less such number of each Seller's Specified Matter Escrow Shares as are necessary, in the Buyer's reasonable discretion, to fund each Seller's portion of any Specified Matter Indemnification Amount that has not been finally resolved in accordance with this Section 9.2(c).

(d) Other than with respect to the Specified Matter, any payment required to be made by the Sellers pursuant to this Section 9.2 shall be made by wire transfer of immediately available funds in U.S. dollars to the account of Hostess Holdings designated in writing by the Buyer at least one Business Day prior to such transfer.

(e) In addition to the limitations set forth in Section 9.2(b), no Seller shall be obligated to indemnify any Buyer Indemnitee under Section 9.2(a)(i) through Section 9.2(a)(iv) and Section 9.2(a)(vi)(C) with respect to any fact, event or action disclosed in the Disclosure Schedule, or any covenant or condition expressly waived in writing by the Buyer on or prior to the Closing.

(f) The Buyer acknowledges and agrees that, should the Closing occur, its and each Buyer Indemnitee's sole and exclusive remedy with respect to any and all matters arising out of, relating to or connected with this Agreement, the Hostess Entities and their respective assets and liabilities, the Transactions and the Closing Hostess Securities shall be pursuant to the indemnification provisions set forth in this Article IX; provided, that nothing contained herein shall operate to limit the liability of any Seller to the Buyer Indemnitees for fraud committed against the Buyer, with specific intent to deceive and mislead the Buyer, regarding the representations and warranties made herein or in any schedule, exhibit or certificate delivered pursuant hereto. For the avoidance of doubt, the limitations set forth in Section 9.2(b) shall not apply to any such fraud.

### **Section 9.3. Indemnification by the Buyer.**

(a) Subject to the limitations set forth herein, after the Closing, the Buyer shall, and shall cause the Hostess Companies to, compensate, reimburse, indemnify, hold harmless and defend the Sellers against, and shall hold the Sellers and their respective Related Parties, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "**Seller Indemnitees**") harmless from, any Loss resulting from, arising out of, or incurred by such Seller Indemnitee in connection with, or otherwise with respect to, (i) any failure of any representation or warranty of the Buyer contained in Article V to be true and correct as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date, except that any such representations or warranties which by their express terms are made solely as of a specified earlier date shall be true and correct only as of such specified earlier date; and (ii) any breach of the covenants or agreements of the Buyer contained in this Agreement.

(b) Subject to Section 9.1(c), neither the Buyer nor any Hostess Company shall be liable for any Loss or Losses unless the claim for such Loss or Losses is brought within the Applicable Survival Period. Neither the Buyer nor any Hostess Company shall be liable for any Loss or Losses if such Loss or Losses arise from a failure of a representation or warranty of the Buyer to be true and correct, other than a Loss or Losses arising from a failure of any Fundamental Representation to be true and correct, unless such Loss or Losses are Covered Losses. Neither the Buyer nor any Hostess Company shall be liable for any Loss or Losses if such Loss or Losses arise from a failure of a representation or warranty of the Buyer to be true and correct, other than a Loss or Losses arising from a failure of any Fundamental Representation to be true and correct, unless and until the aggregate amount of all Covered Losses incurred by the Seller Indemnitees exceeds the Deductible, and then only to the extent that such Covered Losses exceed the Deductible; provided, however, that the cumulative indemnification obligations of the Buyer and the Hostess Companies under Section 9.3(a)(i), other than with respect to any Loss or Losses arising from a failure of any Fundamental Representation to be true and correct, shall in no event exceed 7.5% of the Closing Cash Payment Amount; provided, further, that the cumulative indemnification obligations of the Buyer and the Hostess Companies under this Agreement shall in no event exceed the Indemnity Cap.

(c) The Buyer shall cause Hostess Holdings to make any payments required to be made pursuant to this Section 9.3 by wire transfer of immediately available funds to the account(s) designated in writing by the Sellers' Representative at least one Business Day prior to such transfer.

(d) In addition to the limitations set forth in Section 9.3(b), neither the Buyer nor any Hostess Company shall be obligated to indemnify any Seller Indemnitee under Section 9.3(a)(i) with respect to (i) any fact, event or action disclosed in the Buyer SEC Reports (excluding disclosures referred to in any "Risk Factors" contained therein) or (ii) any covenant or condition expressly waived in writing by the Sellers' Representative or prior to the Closing.

(e) The Sellers acknowledge and agree that, should the Closing occur, their and each Seller Indemnitee's sole and exclusive remedy with respect to any and all matters arising out of, relating to or connected with this Agreement, the Hostess Entities and their respective assets and liabilities, the Transactions and the Closing Hostess Securities shall be pursuant to the indemnification provisions set forth in Section 6.16 or in this Article IX; provided, that nothing contained herein shall operate to limit the liability of the Buyer to the Seller Indemnitees for intentional fraud committed against the Sellers, with specific intent to deceive and mislead the Sellers, regarding the representations and warranties made herein or in any schedule, exhibit or certificate delivered pursuant hereto. For the avoidance of doubt, the limitations set forth in Section 9.3(b) shall not apply to any such fraud.

#### **Section 9.4. Indemnification Procedure for Third Party Claims.**

(a) In the event that any claim or demand, or other circumstance or state of facts that could give rise to any claim or demand, for which an Indemnitor may be liable to an Indemnitee hereunder is asserted or sought to be collected by a third party ("**Third Party Claim**"), the Indemnitee shall as soon as practicable notify the Indemnitor in writing of such Third Party Claim ("**Notice of Claim**"); provided, however, that a failure by an Indemnitee to provide a Notice of Claim as soon as practicable shall not affect the rights or obligations of such Indemnitee other than to the extent the Indemnitor shall have been actually prejudiced as a result of such failure. The Notice of Claim shall (i) state that the Indemnitee has paid or properly accrued Losses or anticipates that it will incur liability for Losses for which such Indemnitee is entitled to indemnification pursuant to this Agreement, and (ii) specify in reasonable detail each individual item of Loss included in the amount so stated, the date such item was paid or properly accrued, the basis for any anticipated Loss and the nature of the misrepresentation, breach of warranty, breach of covenant or claim to which each such item is related and the computation of the amount to which such Indemnitee claims to be entitled hereunder. The Indemnitee shall enclose with the Notice of Claim a copy of all papers served with respect to such Third Party Claim, if any, and any other documents evidencing such Third Party Claim.

(b) The Indemnitor shall have the right, but not the obligation to assume the defense or prosecution of such Third Party Claim and any litigation resulting therefrom with counsel of its choice and at its sole cost and expense (a "**Third Party Defense**"); provided, that if the Indemnitor is a Seller, the Indemnitor shall not have the right to assume the defense of

prosecution of any Third Party Claim or litigation resulting therefrom that is asserted directly or on behalf of a Major Supplier, Major Customer or any other Person with whom any Buyer Indemnitee has a meaningful business relationship. If the Indemnitor assumes the Third Party Defense in accordance herewith, (i) the Indemnitee may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, but the Indemnitor shall control the investigation, defense and settlement thereof; provided, however, that the Indemnitee shall be entitled to participate in any such defense with separate co-counsel at the expense of the Indemnitor if so requested by the Indemnitor to so participate or, if counsel to the Indemnitee reasonably determines that a conflict exists on a material issue between the Indemnitee and the Indemnitor that would make such representation advisable, (ii) the Indemnitee will not file any papers or consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld, conditioned or delayed), and (iii) the Indemnitor will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim to the extent such judgment or settlement provides for equitable relief without the prior written consent of the Indemnitee (which consent shall not be unreasonably withheld, conditioned or delayed). The Parties will use their commercially reasonable efforts to minimize Losses from Third Party Claims and will act in good faith in responding to, defending against, settling or otherwise dealing with such claims. The Parties will also cooperate in any such defense and give each other reasonable access to all information relevant thereto. If the Indemnitor has assumed the Third Party Defense, any settlement entered into or any judgment that was consented to by the Indemnitor without the Indemnitee's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) shall not be determinative of the amount of Losses relating to such matter.

(c) If the Indemnitor does not assume the Third Party Defense, the Indemnitee will be entitled to assume the Third Party Defense, at its sole cost and expense (or, if the Indemnitee incurs a Loss with respect to the matter in question for which the Indemnitee is entitled to indemnification pursuant to Section 9.2 or Section 9.3, as applicable, at the expense of the Indemnitor) upon delivery of notice to such effect to the Indemnitor; provided, however, that the Indemnitor (i) shall have the right to participate in the Third Party Defense at its sole cost and expense, but the Indemnitee shall control the investigation, defense and settlement thereof, and (ii) any settlement entered into or any judgment that was consented to by the Indemnitee without the Indemnitee's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) shall not be determinative of the amount of Losses relating to such matter.

**Section 9.5. Indemnification Procedures for Non-Third Party Claims.** The Indemnitee shall notify the Indemnitor in writing promptly of its discovery of any matter for which it may seek indemnification pursuant to this Article IX that does not involve a Third Party Claim, such notice shall (a) state that the Indemnitee has paid or properly accrued Losses or anticipates that it will incur liability for Losses for which such Indemnitee is entitled to indemnification pursuant to this Agreement, and (b) specify in reasonable detail each individual item of Loss included in the amount so stated, the date such item was paid or properly accrued, the basis for any anticipated liability and the nature of the misrepresentation, breach of warranty, breach of covenant or claim to which each such item is related and the computation of the amount to which such Indemnitee claims to be entitled hereunder. The Indemnitee will

reasonably cooperate and assist the Indemnitor in determining the validity of any claim for indemnity by the Indemnitee and in otherwise resolving such matters. Such assistance and cooperation will include providing reasonable access to and copies of information, records and documents relating to such matters, furnishing employees to assist in the investigation, defense and resolution of such matters and providing legal and business assistance with respect to such matters.

**Section 9.6. Calculation of Indemnity Payments.**

(a) Each Indemnitee shall use its commercially reasonable efforts to pursue and collect on any recovery available under any insurance policies; provided, however, no delay or failure on the part of such Indemnitee to pursue and collect on any such insurance policy shall limit the Indemnitee's ability to make a claim of indemnification hereunder or otherwise relieve any Indemnitor from its obligations under this Article IX. The amount of Losses payable under this Article IX by the Indemnitor shall be reduced by any and all amounts recovered by the Indemnitee under applicable insurance policies or from any other Person alleged to be responsible therefor (net of any actual costs incurred by the Indemnitee in connection with such recovery or increases in insurance premiums paid by the Indemnitee solely as a result of such recovery). If the Indemnitee receives any amounts under applicable insurance policies or from any other Person alleged to be responsible for any Losses, subsequent to an indemnification payment by the Indemnitor, then such Indemnitee shall promptly reimburse the Indemnitor for any payment made or expense incurred by such Indemnitor in connection with providing such indemnification up to the amount received by the Indemnitee, net of any expenses incurred by such Indemnitee in collecting such amount.

(b) Each Indemnitee shall use its commercially reasonable efforts to mitigate its Losses upon and after becoming aware of any event or condition that would reasonably be expected to give rise to any Losses that are indemnifiable hereunder.

(c) The amount of Losses incurred by an Indemnitee shall be reduced by any net Tax benefit actually realized by the Indemnitee or its Affiliates directly arising from the payment or incurrence of such Losses through the end of the taxable year in which such Losses were incurred (the "**Tax Benefit Period**"), after deducting all costs and expenses of recovery. A Tax benefit shall be "actually realized" at the time (i) any cash refund of Taxes is actually received or applied against other Taxes due (provided that for purposes of calculating the Tax Benefit Period only, and not for purposes of payment, the date of the filing of the refund claim shall be used) or (ii) of the filing of a Tax Return on which a deduction for the relevant Loss is applied to reduce the amount of Taxes that would otherwise be payable, with the amount of any Tax benefit determined by comparing (A) the amount of Taxes that would be required to have been paid had a deduction for the relevant Loss not been taken into account on the relevant Tax Return, with (B) the amount of Taxes actually required to be paid or payable after taking into account such deduction. If the Indemnitee has other losses, deductions, credits, credit carryovers, carrybacks or net operating losses available to it at the time of the calculation, the Tax benefit from the payment or incurrence of the relevant Loss shall be deemed to be realized only after all other losses, deductions, credits, credit carryovers, carrybacks or net operating losses have been completely utilized.

(d) No Indemnitor shall be obligated to indemnify any Indemnitee with respect to any Loss that was included in determining the Closing Working Capital Adjustment Amount in accordance with Section 2.5, and, for the avoidance of doubt, the Specified Matter shall be excluded from the Closing Working Capital Adjustment Amount.

(e) All materiality qualifications (such as “material”, “material adverse effect” and “Hostess Material Adverse Effect”) contained in the representations and warranties herein (other than the representations contained in Section 4.5, Section 4.6, the second sentence of Section 4.8(c), Section 4.28, Section 5.11 and Section 5.12) shall be disregarded for all purposes under this Article IX, including for purposes of determining the amount of Losses and for purposes of determining the accuracy of such representations and warranties.

**Section 9.7. Characterization of Indemnification Payments.** Except as otherwise required by applicable Law, the Parties shall treat any payment made pursuant to this Article IX as an adjustment to the Purchase Price.

**Section 9.8. Sellers’ Representative.** Each Seller hereby irrevocably appoints the Sellers’ Representative as of the date hereof, with power of designation and assignment as its true and lawful attorney-in-fact and agent with full power of substitution, to act solely and exclusively on behalf of, and in the name of, such Seller, with the full power, without the consent of such Seller, to exercise as the Sellers’ Representative in its sole discretion deems appropriate, the powers that such Seller could exercise hereunder with respect to all of its rights and obligations (including consenting to the settlement of any indemnification claim under this Article IX) and to take all actions with respect thereto necessary or appropriate in the judgment of the Sellers’ Representative in connection with this Agreement. In any Third Party Defense in which more than one Seller is an Indemnitor, the Sellers’ Representative shall act on behalf of all such Sellers. The Buyer and any Buyer Indemnitee shall be entitled to rely exclusively upon any notices and other acts of the Sellers’ Representative relating to the Sellers’ rights and obligations hereunder as being legally binding acts of each Seller individually and collectively and the Buyer and any Buyer Indemnitee shall deliver any notice required or permitted hereunder to be delivered to the Sellers to the Sellers’ Representative. No Seller may take any action with respect to its rights and obligations hereunder without the express written consent of the Sellers’ Representative.

## ARTICLE X

### MISCELLANEOUS

**Section 10.1. Notices.** Any notice, request, demand, waiver, consent, approval or other communication that is required or permitted hereunder shall be in writing and shall be deemed given: (a) on the date established by the sender as having been delivered personally, (b) on the date delivered by a private courier as established by the sender by evidence obtained from the courier, (c) on the date sent by facsimile, with confirmation of transmission, or (d) on the fifth Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications, to be valid, must be addressed as follows:

(a) if to the Buyer, to:

Gores Holdings, Inc.  
9800 Wilshire Blvd.  
Beverly Hills, California 90212  
Attention: Mark Stone  
Fax: (310) 443-9880

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with a required copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP  
201 Redwood Shores Parkway  
Redwood Shores, California 94065  
Attention: Kyle C. Krpata  
              James R. Griffin  
Fax: (650) 802-3100

(b) if to the Sellers, to the Sellers' Representative, to:

AP Hostess Holdings, L.P.  
9 West 57th Street  
43rd Floor  
New York, New York 10019  
Attention: Laurie Medley  
Fax: (646) 607-0528

with a required copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP  
101 Park Avenue  
New York, New York 10178  
Attention: Robert G. Robison  
              Andrew L. Milano  
Fax: (212) 309-6001

or to such other address or to the attention of such Person or Persons as the recipient Party has specified by prior written notice to the sending Party (or in the case of counsel, to such other readily ascertainable business address as such counsel may hereafter maintain). If more than one method for sending notice as set forth above is used, the earliest notice date established as set forth above shall control.

**Section 10.2. Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms of such illegal, invalid or unenforceable provision as may be possible.

**Section 10.3. Limited Recourse.** Each Party covenants and agrees that it shall not institute, and shall cause its Affiliates not to institute, a Legal Proceeding arising under or in connection with, this Agreement, the other Transaction Documents or the Transactions against any Related Party of any Party. Any claim or cause of action based upon, arising out of, or related to this Agreement or the other Transaction Documents may only be brought against Persons that are expressly named as Parties, and then only with respect to the specific obligations set forth herein. No Related Party of any Party and no Related Party of a Related Party shall have any liability or obligation for any of the representations, warranties, covenants, agreements, obligations or liabilities of any Party under this Agreement or the other Transaction Documents or of or for any Legal Proceeding based on, in respect of, or by reason of, the Transactions (including the breach, termination or failure to consummate such transactions), in each case whether based on Contract, tort, fraud, strict liability, other Laws or otherwise and whether by piercing the corporate veil, by a claim by or on behalf of a Party or another Person or otherwise. In no event shall any Person be liable to another Person for any damages that are not reasonably foreseeable or any punitive damages (except, in each case, to the extent asserted against a Party by a third party) with respect to the Transactions. For the avoidance of doubt, nothing contained in this Section 10.3 shall be deemed to limit the Sellers' Representative's ability to exercise its rights under the Subscription Agreements.

**Section 10.4. Counterparts.** This Agreement or the other Transaction Documents may be executed in counterparts, and any Party hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement or the other Transaction Documents shall become effective when each party shall have received a counterpart of such document signed by the other parties. The Parties agree that the delivery of this Agreement, the other Transaction Documents and any other agreements and documents delivered at the Closing may be effected by means of an exchange of facsimile or electronically transmitted signatures.

**Section 10.5. Entire Agreement; No Third Party Beneficiaries.** This Agreement, the other Transaction Documents, the Schedules, Exhibits, Appendices and the other documents, instruments and agreements specifically referred to herein or therein or delivered pursuant hereto or thereto set forth the entire understanding of the Parties hereto with respect to the Transactions. All Schedules, Exhibits and Appendices referred to herein are intended to be and hereby are specifically made a part of this Agreement. Any and all previous agreements and understandings between or among the Parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement, except for the Confidentiality Agreement. This Agreement will not confer any rights or remedies upon any Person other than the Parties hereto and their respective successors and permitted assigns, other than (a) Section 6.16, Section 6.18 and Section 10.3 (which will be for the benefit of the Persons set forth therein), and any such Person will have the rights provided for therein) and (b) this Article X in respect of the Sections set forth under the foregoing clause (a).

**Section 10.6. Governing Law.** This Agreement and the other Transaction Documents (other than the Subscription Agreements) shall be governed by and interpreted and



enforced in accordance with the Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Laws rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

**Section 10.7. Consent to Jurisdiction; Waiver of Jury Trial.** Except as provided in Section 2.5(d), Section 2.6(c), Section 6.14(d)(ii) and the Subscription Agreements, each Party hereto irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (unless the Federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware, or the Court of Chancery of the State of Delaware does not have jurisdiction, in which case the Superior Court of the State of Delaware) for the purposes of any Legal Proceeding arising out of this Agreement, the other Transaction Documents or the Transactions, and agrees to commence any such Legal Proceeding only in such courts. Each Party further agrees that service of any process, summons, notice or document by United States registered mail to such Party's respective address set forth herein shall be effective service of process for any such Legal Proceeding. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any Legal Proceeding out of this Agreement, the other Transaction Documents (other than the Subscription Agreements) or the Transactions in such courts, and hereby irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Legal Proceeding brought in any such court has been brought in an inconvenient forum. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING OR COUNTERCLAIM (WHETHER AT LAW, IN EQUITY, BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE TRANSACTIONS OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF OR THEREOF.

**Section 10.8. Right to Specific Performance.**

(a) The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement and the other Transaction Documents were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each Party shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and the other Transaction Documents to which it is a party and to enforce specifically the terms and provisions of this Agreement and the other Transaction Documents to which it is a party, this being in addition to any other remedy to which such Party is entitled at law, in equity, in contract, in tort or otherwise. For the avoidance of doubt, the Sellers may simultaneously pursue (i) a grant of specific performance pursuant to this Section 10.8 and (ii) their rights and remedies at law, in equity, in contract, in tort or otherwise.

(b) The Parties hereby agree not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches of this Agreement and the other Transaction Documents by the Buyer or the Sellers (to the extent a party thereto), as applicable, and to specifically enforce the terms and provisions of this Agreement and the other Transaction Documents to prevent breaches or threatened breaches of, or to enforce compliance with, the respective covenants and obligations of the Buyer or the Sellers, as applicable, under this Agreement and the other Transaction Documents (to the extent a party thereto) all in accordance with the terms of this Section 10.8.

(c) None of the Buyer or the Sellers, as applicable, shall be required to provide any bond or other security in connection with seeking an injunction or injunctions to prevent breaches of this Agreement and the other Transaction Documents and to enforce specifically the terms and provisions of this Agreement and the other Transaction Documents (to the extent a party thereto), all in accordance with the terms of this Section 10.8.

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**Section 10.9. Assignment.** Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the Parties hereto without the prior written consent of the other Parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns. Any attempted assignment in violation of the terms of this Section 10.9 shall be null and void, ab initio.

**Section 10.10. Headings.** All headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

**Section 10.11. Construction.** For the purposes of this Agreement and the other Transaction Documents, except as otherwise expressly provided herein or unless the context otherwise requires: (a) the meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term and vice versa, and words denoting either gender shall include both genders as the context requires; (b) where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning; (c) the terms “hereof”, “herein”, “hereunder”, “hereby” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement or such other Transaction Document as a whole and not to any particular provision of this Agreement or such other Transaction Document; (d) when a reference is made in this Agreement or such other Transaction Document to an Article, Section, paragraph, Exhibit or Schedule, such reference is to an Article, Section, paragraph, Exhibit or Schedule to this Agreement or such other Transaction Document unless otherwise specified; (e) the word “include”, “includes” and “including” when used in this Agreement or such other Transaction Document shall be deemed to be followed by the words “without limitation”, unless otherwise specified; (f) a reference to any Party to this Agreement or such other Transaction Document or any other agreement or document shall include such Party’s predecessors, successors and permitted assigns; (g) all accounting terms used and not defined herein have the respective meanings given to them under GAAP; (h) any event, the scheduled occurrence of which would fall on a day that is not a Business Day, shall be deferred until the next succeeding Business Day; (i) any reference to the Sellers “causing” AP Hostess Holdings to take any action shall be a reference to AP Hostess LP causing AP Hostess Holdings to take such action; (j) any statement in the Agreement to the effect that any information, document or other material has been “made available” by the Sellers shall mean that a true and complete copy of such information, document or material was included in and available at the “Project Homer” online datasite hosted by Intralinks at least two Business Days prior to the date hereof and (k) the word “or” shall be disjunctive but not exclusive. The Parties hereto have participated jointly in the negotiation and drafting of this Agreement, and any rule of construction or interpretation otherwise requiring this Agreement or

any other Transaction Document to be construed or interpreted against any Party by virtue of the authorship of this Agreement or such other Transaction Document shall not apply to the construction and interpretation hereof.

**Section 10.12. Amendments and Waivers.** This Agreement may not be amended, supplemented or modified except by an instrument in writing signed on behalf of the Buyer and by the Sellers' Representative, on behalf of the Sellers; provided, however, that any amendment, supplement or modification to any form of Transaction Document attached hereto as an exhibit the amendment of which, by its terms, would require the consent of CDM Hostess or CDM Hostess Co-Invest, shall require the written consent of CDM Hostess or CDM Hostess Co-Invest, as applicable. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective, unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

**Section 10.13. Schedules and Exhibits.** Except as otherwise provided in this Agreement, all Exhibits and Schedules referred to herein are intended to be and hereby are made a part of this Agreement. The Disclosure Schedule has been arranged for purposes of convenience only, in sections corresponding to the Sections of this Agreement. The disclosure of any item in any section or subsection of Disclosure Schedule will be deemed disclosure with respect to each other section and subsection of the Disclosure Schedule to which the relevance of such item is reasonably apparent. Certain information set forth in the Disclosure Schedule is or may be included solely for informational purposes, is not an admission of liability with respect to the matters covered by the information, and may not be required to be disclosed pursuant to this Agreement. The specification of any dollar amount in the representations and warranties contained in this Agreement or the inclusion of any specific item in the Disclosure Schedule is not intended to imply that such amounts (or higher or lower amounts) are or are not material, and no Party shall use the fact of the setting of such amounts or the fact of the inclusion of any such item in the Disclosure Schedule in any dispute or controversy between the Parties as to whether any obligation, item, or matter not described herein or included in a Disclosure Schedule is or is not material for purposes of this Agreement. The inclusion of any item in the Disclosure Schedule should not be interpreted as indicating that any Seller has determined that such item is necessarily material to the business, assets, liabilities, financial condition, results of operation or prospects of any Hostess Entity, or amounts to a Hostess Material Adverse Effect, or is otherwise material, or that such information is required to be included in the Disclosure Schedule, or is outside of the ordinary course of business of any Hostess Entity.

*[Signature Page Follows]*

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

**BUYER:**

**GORES HOLDINGS, INC.**

By: /s/ Mark Stone \_\_\_\_\_

Name: Mark Stone

Title: Chief Executive Officer

**MERGER SUB:**

**HOMER MERGER SUB, INC.**

By: /s/ Mark Stone \_\_\_\_\_

Name: Mark Stone

Title: Chief Executive Officer and President

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**SELLERS:**

**AP HOSTESS HOLDINGS, L.P.**

**By: AP Hostess Holdings GP, LLC, its general partner**

By: /s/ Andrew Jhavar

Name: Andrew Jhavar

Title: Vice President

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**HOSTESS CDM CO-INVEST, LLC**

By: /s/ Michael Cramer

Name: Michael Cramer

Title: President and Secretary

**CDM HOSTESS CLASS C, LLC**

By: /s/ Michael Cramer

Name: Michael Cramer

Title: President and Secretary

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**SELLERS' REPRESENTATIVE:**

**AP HOSTESS HOLDINGS, L.P.**

**By: AP Hostess Holdings GP, LLC, its general partner**

By: /s/ Andrew Jhavar

Name: Andrew Jhavar

Title: Vice President

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## Appendix A

### Definitions

When used in the Agreement, the following terms have the meanings assigned to them in this Section:

“**2016 Earn Out Shares**” means 2,750,000 shares of Buyer Class A Common Stock.

“**2016 EBITDA Target**” has the meaning set forth in Section 2.6(e)(i).

2016. “**2016 Measurement Year**” means the one-year period commencing on January 1, 2016, and ending on December 31,

“**2017 Catch Up EBITDA Target**” has the meaning set forth in Section 2.6(e)(i).

“**2017 Earn Out Shares**” means 2,750,000 shares of Buyer Class A Common Stock.

“**2017 EBITDA Target**” has the meaning set forth in Section 2.6(e)(ii).

2017. “**2017 Measurement Year**” means the one-year period commencing on January 1, 2017, and ending on December 31,

“**280G Approval**” has the mean set forth in Section 6.22.

“**Acceleration Event**” means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of Law):

(a) a breach of Section 2.6(h), and continuance of such breach for a period of 30 days after there has been given to the Buyer by the Sellers’ Representative a notice specifying such breach; provided, however, that no cure period will be permitted for any such breach that by its nature cannot be cured; or

(b) a Change of Control; provided, that on the date such Change of Control is consummated (the “**COC Date**”), the Hostess EBITDA for the calendar year through the COC Date shall not be less than (i) (A) the 2016 EBITDA Target (if the COC Date occurs in the 2016 Measurement Year) or (B) the 2017 EBITDA Target (if the COC Date occurs in the 2017 Measurement Year), as applicable, multiplied by (ii) the number of days between January 1 of such calendar year and the COC Date, divided by (iii) 365;

“**Accounts Receivable**” means (a) any trade accounts receivable and other rights to payment owed to any Hostess Entity and (b) any other account or note receivable of any Hostess Entity (whether or not arising out of the ordinary course of business), in each case, net of all trade and customary allowances, and together with, in each case, the full benefit of any security interest of any Hostess Entity therein and any claim, remedy or other right related to the foregoing.



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“**Additional Buyer SEC Reports**” has the meaning set forth in [Section 5.11\(a\)](#).

“**Adjustment Escrow Account**” has the meaning set forth in [Section 2.4\(a\)](#).

“**Adjustment Escrow Amount**” has the meaning set forth in [Section 2.4\(a\)](#).

“**Adjustment Notice of Objection**” has the meaning set forth in [Section 2.5\(c\)](#).

“**Adjustment Per Share Price**” means, as of the date of issuance of any AP Hostess LP Tax Adjustment Shares, the average of the daily VWAP of a share of Buyer Class A Common Stock for the 10 Trading Days immediately prior to such date.

“**Adjustment Review Period**” has the meaning set forth in [Section 2.5\(c\)](#).

“**Adjustment Statement**” has the meaning set forth in [Section 2.5\(b\)](#).

“**Affiliate**” of any Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person. For purposes of this definition, “control” of a Person means the power to, directly or indirectly, direct or cause the direction of the management and policies of such Person whether through ownership of voting securities or other ownership interests, by Contract or otherwise, including, with respect to a corporation, partnership or limited liability company, the direct or indirect ownership of more than 50% of the voting securities in such corporation or of the voting interest in a partnership or limited liability company.

“**Agreement**” has the meaning set forth in the preamble to this Agreement.

“**Allocation**” has the meaning set forth in [Section 2.7](#).

“**Allocation Schedule**” has the meaning set forth in [Section 2.4\(f\)\(i\)](#).

“**Alternative Transaction**” has the meaning set forth in [Section 6.3\(a\)](#).

“**Annual Financial Statements**” has the meaning set forth in [Section 4.5](#).

“**Antitrust Authorities**” has the meaning set forth in [Section 6.12\(b\)](#).

“**Antitrust Laws**” means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended and all other applicable Laws issued by a Governmental Entity that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

“**AP Hostess Holdings**” has the meaning set forth in the recitals to this Agreement.

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“**AP Hostess Holdings Common Stock**” has the meaning set forth in the recitals to this Agreement.

“**AP Hostess Holdings Merger**” has the meaning set forth in the recitals to this Agreement.

“**AP Hostess Holdings Merger Agreement**” has the meaning set forth in the recitals to this Agreement.

“**AP Hostess Holdings Merger Consideration**” has the meaning set forth in the recitals to this Agreement.

“**AP Hostess LP**” has the meaning set forth in the preamble to this Agreement.

“**AP Hostess LP Tax Adjustment Amount**” has the meaning set forth in [Section 2.5\(j\)](#).

“**AP Hostess LP Tax Adjustment Shares**” has the meaning set forth in [Section 2.5\(j\)](#).

“**Applicable Survival Period**” has the meaning set forth in [Section 9.1\(c\)](#).

“**Base Purchase Price**” has the meaning set forth in [Section 2.1](#).

“**Benefit Plan**” means any “employee benefit plan” as defined in ERISA Section 3(3) and any other retirement, supplemental retirement, employment, bonus, incentive compensation, deferred compensation, change in control, retention, employee loan, retiree medical or life insurance, educational, employee assistance, fringe benefit, equity or severance plan, agreement, program, policy or other arrangement, whether or not subject to ERISA, which any of the Sellers or their Subsidiaries sponsors or maintains for the benefit of any current or former employee, director or independent contractor of any of the Hostess Entities, or with respect to which any of the Hostess Entities has or could reasonably be expected to have any liability, whether through an ERISA Affiliate or otherwise.

“**Bribery Act**” has the meaning set forth in [Section 4.26](#).

“**Business Combination**” has the meaning given to such term in the Organizational Documents of the Buyer as of the date hereof.

“**Business Combination Proposal**” means any offer, inquiry, proposal or indication of interest, written or oral (whether binding or non-binding and other than an offer, inquiry, proposal or indication of interest with respect to the Hostess Business Combination), relating to a Business Combination.

“**Business Day**” means any day, other than Saturday, Sunday or any other day on which banks located in the State of New York are authorized or required to close.

“**Buyer**” has the meaning set forth in the preamble to this Agreement.

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“**Buyer A&R Charter**” has the meaning set forth in the recitals to this Agreement.

“**Buyer A&R Bylaws**” has the meaning set forth in the recitals to this Agreements.

“**Buyer Board Recommendation**” has the meaning set forth in Section 6.7.

“**Buyer Capital Stock**” means, collectively, the Buyer Class A Common Stock, the Buyer Class F Common Stock, the Buyer Preferred stock and, following the adoption of the Buyer A&R Charter, the Buyer Class B Common Stock.

“**Buyer Cash**” means, as of the date of determination, (a) all amounts in the Trust Account, plus (b) all other Cash and Cash Equivalents of the Buyer (including the proceeds of any issuance of any Buyer Capital Stock after the date hereof), plus (c) the Co-Investor Amount.

“**Buyer Charter**” means that certain Amended and Restated Certificate of Incorporation of the Buyer, dated August 13, 2015.

“**Buyer Class A Common Stock**” means the Class A Common Stock of the Buyer, par value \$0.0001 per share.

“**Buyer Class B Common Stock**” means the Class B Common Stock of the Buyer, par value \$0.0001 per share, to be authorized pursuant to the Buyer A&R Charter, which Buyer Class B Common Stock will represent a voting, non-economic, ownership interest in the Buyer.

“**Buyer Class F Common Stock**” means the Class F Common Stock of the Buyer, par value \$0.0001 per share.

“**Buyer Financing Certificate**” has the meaning set forth in Section 2.3.

“**Buyer Indemnitees**” has the meaning set forth in Section 9.2(a).

“**Buyer Material Contract**” means a material contract, as such term is defined in Regulation S-K of the SEC, to which the Buyer is party.

“**Buyer Preferred Stock**” means the undesignated preferred stock of the Buyer, par value \$0.0001 per share.

“**Buyer Released Parties**” has the meaning set forth in Section 6.16(b).

“**Buyer’s Required Funds**” means \$537,500,000.

“**Buyer SEC Reports**” has the meaning set forth in Section 5.11(a).

“**Buyer Sponsor**” means Gores Sponsor LLC, a Delaware limited liability company.

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**“Buyer Stockholder Approval”** means the required vote of the stockholders of the Buyer, in each case obtained in accordance with the DGCL, the Buyer’s Organizational Documents and the rules and regulations of NASDAQ, to approve the Transaction Proposals.

**“Buyer Stockholder Redemption”** means the right held by certain stockholders of the Buyer to redeem all or a portion of their shares of Buyer Class A Common Stock upon the consummation of the Transactions, for a per-share redemption price, payable in cash, equal to (a) the aggregate amount then on deposit in the Trust Account as of two Business Days prior to the consummation of the Transactions, including interest (which interest shall be net of taxes payable), divided by (b) the number of then outstanding shares of Buyer Class A Common Stock issued in connection with the Buyer’s initial public offering.

**“Buyer Stockholders Meeting”** has the meaning set forth in Section 6.7.

**“Buyer Transaction Costs”** means all fees, costs and expenses of the Buyer incurred prior to and through the Closing Date in connection with the negotiation, preparation and execution of this Agreement, the other Transaction Documents and the consummation of the Transactions, whether paid or unpaid prior to the Closing (which amount of Buyer Transaction Costs may not exceed \$30,000,000).

**“Buyer Warrants”** has the meaning set forth in Section 5.4(b).

**“Capital Expenditure Plan”** has the meaning set forth in Section 6.2(b)(iii).

**“Cash and Cash Equivalents”** means cash and cash equivalents, including checks, money orders, marketable securities, short-term instruments, negotiable instruments, funds in time and demand deposits or similar accounts on hand, in lock boxes, in financial institutions or elsewhere, together with all accrued but unpaid interest thereon, and all bank, brokerage or other similar accounts. For the avoidance of doubt, Cash and Cash Equivalents as of any given time shall not include any checks, drafts and wires issued as of such time that have not yet cleared, but shall include any deposits in transit as of such time that have not yet cleared. For the avoidance of doubt Hostess Cash shall not include (a) any Cash and Cash Equivalents held by the Hostess Entities that is to be distributed or is otherwise payable to the Management LLC Employees or CDM Hostess pursuant to the Management LLC Merger Agreement or (b) any Cash and Cash Equivalents residing in any collateral cash account securing any obligation or contingent obligation of a Hostess Entity, but only to the extent that such obligation or contingent obligation is not included as a Current Liability on the Adjustment Statement or otherwise reduces the Purchase Price. For the avoidance of doubt, Cash and Cash Equivalents shall exclude any amounts included in Current Assets.

**“Cash Recipients”** means, collectively, and the Sellers and the Management LLC Employees.

**“CDM Consideration Amount”** means an amount equal to \$24,960,000, which represents 2,496,000 shares of Class A Common Stock to be issued pursuant to the Executive Chairman Agreement.

**“CDM Hostess”** has the meaning set forth in the preamble to this Agreement.

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“**CDM Rollover Shares**” means 5,446,429 shares of Buyer Class B Common Stock.

“**CDM Rollover Amount**” means \$50,000,000.

“**Certifications**” has the meaning set forth in Section 5.11(a).

“**Change of Control**” means any transaction or series of transactions the result of which is (a) the acquisition by any Person or “group” (as defined in the Exchange Act and the rules thereunder) of Persons of direct or indirect beneficial ownership of securities representing 50% or more of the combined voting power of the then outstanding securities of the Buyer or any Hostess Company, (b) a merger, consolidation, reorganization or other business combination, however effected, resulting in any Person or “group” (as defined in the Exchange Act and the rules thereunder) acquiring at least 50% of the combined voting power of the then outstanding securities of the Buyer or any Hostess Company or the surviving Person outstanding immediately after such combination or (c) a sale of substantially all of the assets of the Buyer or the Hostess Companies.

“**Change in Recommendation**” has the meaning set forth in Section 6.7.

“**Class A LP Unit**” has the meaning set forth in the recitals to this Agreements.

“**Class B LP Unit**” has the meaning set forth in the recitals to this Agreements.

“**Class C GP Interests**” has the meaning set forth in the recitals to this Agreement.

“**Class C LP Interests**” has the meaning set forth in the recitals to this Agreement.

“**Closing**” has the meaning set forth in Section 2.2.

“**Closing Cash Payment Amount**” means an amount equal to (a) Buyer Cash as of the Closing, minus (b) the Buyer Transaction Costs, to the extent not paid prior to the Closing, minus (c) the Deleveraging Amount, minus (d) the Estimated LTIP Payment Amount, minus (e) the Estimated Hostess Transaction Costs, plus (f) the CDM Rollover Amount.

“**Closing Date**” has the meaning set forth in Section 2.2.

“**Closing Hostess Securities**” means the AP Hostess Holdings Common Stock, the Class C GP Interests and the Class B LP Units to be acquired by the Buyer at the Closing, as set forth on the Allocation Schedule.

“**Closing Number of Securities**” means (a) the Closing Securities Payment Amount, divided by (b) the Closing Per Share Price.

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“**Closing Per Share Price**” means (a) an amount equal to the Closing Securities Payment Amount, divided by (b) an amount equal to the Closing Securities Payment Amount, plus \$9,375,000, multiplied by (c) 10.

“**Closing Rollover Indebtedness Amount**” means, as of 12:01 a.m., Eastern time, on the Closing Date, the aggregate amount of the Rollover Indebtedness.

“**Closing Securities Payment Amount**” means an amount equal to (a) the Estimated Closing Consideration Amount, minus (b) the Closing Cash Payment Amount, minus (c) the CDM Consideration Amount.

“**Closing Working Capital**” means, as of 12:01 a.m., Eastern time, on the Closing Date, (a) the aggregate amount of Current Assets, less (b) the aggregate amount of Current Liabilities, in each case, as calculated in accordance with GAAP and prepared using the format and accounting principles, methodologies and policies set forth on Schedule C.

“**Closing Working Capital Adjustment Amount**” means an amount (which may be positive or negative) equal to (a) the Estimated Closing Working Capital Adjustment Amount, plus (b) the Final Closing Working Capital Adjustment Amount.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Co-Investor Amount**” has the meaning set forth in Section 5.16.

“**Co-Investors**” has the meaning set forth in Section 5.16.

“**Communications Plan**” has the meaning set forth in Section 6.5(a).

“**Conduct of Business Exceptions**” has the meaning set forth in Section 6.2(a).

“**Confidentiality Agreement**” means that certain Confidentiality Agreement, dated October 29, 2015, by and between The Gores Group, LLC and Hostess Holdco, as amended and joined from time to time.

“**Contract**” means any contract, lease, license, indenture, undertaking or other agreement that is legally binding, whether written or oral.

“**Contribution and Purchase Agreement**” has the meaning set forth in the recitals to this Agreement.

“**Contribution and Purchase**” has the meaning set forth in the recitals to this Agreement.

“**Covered Losses**” has the meaning set forth in Section 9.2(b).

“**Current Assets**” means the current assets of the Hostess Entities as determined in accordance with the classifications and line items shown on Schedule C. For the avoidance of doubt, Current Assets shall exclude any Cash and Cash Equivalents.

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“**Current Liabilities**” means the current liabilities of the Hostess Entities, as determined in accordance with the classifications and line items shown on Schedule C. For the avoidance of doubt, Current Liabilities shall exclude any Rollover Indebtedness.

“**Current Policies**” has the meaning set forth in Section 6.18(b).

“**D&O Indemnified Party**” has the meaning set forth in Section 6.18(a).

“**D&O Tail**” has the meaning set forth in Section 6.18(b).

“**Deductible**” has the meaning set forth in Section 9.2(b).

“**Deleveraging Amount**” means (a) the Estimated Rollover Indebtedness Amount, minus (b) the Target Rollover Indebtedness Amount, minus (c) the Estimated Hostess Cash.

“**DGCL**” means the General Corporation Law of the State of Delaware.

“**Disclosure Schedule**” has the meaning set forth in the lead in to Article III.

“**Earn Out Notice of Objection**” has the meaning set forth in Section 2.6(b).

“**Earn Out Period**” has the meaning set forth in Section 2.6(h).

“**Earn Out Review Period**” has the meaning set forth in Section 2.6(b).

“**Earn Out Shares**” has the meaning set forth in Section 2.6(e).

“**EDGAR**” means the SEC’s Electronic Data-Gathering, Analysis and Retrieval system.

“**Employee**” means any employee of any Hostess Entity as of the applicable date of determination.

“**Environmental Law**” means any applicable Law relating to the protection of the environment in effect as of the applicable date of determination.

“**Equity Interest**” has the meaning set forth in the definition of Equity Securities.

“**Equity Securities**” means (a) capital stock, partnership or membership interests or units (whether general or limited), and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing entity or a right to control such entity (an “**Equity Interest**”), (b) subscriptions, calls, warrants, options, purchase rights or commitments of any kind or character relating to, or entitling any Person to acquire, any Equity Interest, (c) stock appreciation, phantom stock, equity participation or similar rights and (d) securities convertible into or exercisable or exchangeable for any Equity Interests.

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“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and the regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with any entity, is treated as a single employer under Section 414 of the Code.

“Escrow Agent” means J.P. Morgan Chase Bank, N.A.

“Escrow Agreement” has the meaning set forth in Section 2.4(a).

“Estimated Adjustment Statement” has the meaning set forth in Section 2.5(a).

“Estimated Closing Consideration Amount” means an amount equal to (a) the Base Purchase Price, plus (b) the Estimated Closing Working Capital Adjustment Amount, plus, (c) the Estimated Hostess Cash, minus (d) the Estimated Rollover Indebtedness Amount, minus (e) the Estimated Hostess Transaction Costs, minus (f) the Estimated LTIP Payment Amount, minus (g) the Buyer Transaction Costs.

“Estimated Closing Working Capital” has the meaning set forth in Section 2.5(a).

“Estimated Closing Working Capital Adjustment Amount” means if (a) Estimated Closing Working Capital is Within the Band Amount, \$0; (b) Estimated Closing Working Capital is less than the Lower Band Amount, the amount (which shall be negative) equal to the Estimated Closing Working Capital minus the Lower Band Amount; and (c) Estimated Closing Working Capital is greater than the Upper Band Amount, the amount equal to Estimated Closing Working Capital minus the Upper Band Amount.

“Estimated Hostess Cash” has the meaning set forth in Section 2.5(a).

“Estimated Hostess Transaction Costs” has the meaning set forth in Section 2.5(a).

“Estimated LTIP Payment Amount” has the meaning set forth in Section 2.5(a).

“Estimated Rollover Indebtedness Amount” has the meaning set forth in Section 2.5(a).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Agreement” has the meaning set forth in the recitals to this Agreement.

“Executive Chairman Agreement” means that certain Executive Chairman Employment Agreement, dated as of the date hereof, by and between the Buyer and C. Dean Metropoulos.



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“FCPA” has the meaning set forth in [Section 4.26](#).

“Filing” means a registration, declaration or filing with a Governmental Entity.

“Final Closing Consideration Amount” means an amount equal to (a) the Base Purchase Price, plus (b) the Final Closing Working Capital Adjustment Amount, plus, (c) the Final Hostess Cash, minus (d) the Final Rollover Indebtedness Amount, minus (e) the Final Hostess Transaction Costs, minus (f) the Final LTIP Payment Amount, minus (g) the Buyer Transaction Costs.

“Final Closing Working Capital” has the meaning set forth in [Section 2.5\(e\)](#).

“Final Closing Working Capital Adjustment Amount” means if (a) Estimated Closing Working Capital and Final Closing Working Capital are either (i) both less than the Lower Band Amount or (ii) both greater than the Upper Band Amount, the amount (which may be positive or negative) equal to (A) Final Closing Working Capital, minus (B) Estimated Closing Working Capital; (b) Estimated Closing Working Capital is less than the Lower Band Amount and Final Closing Working Capital is Within the Band Amount, the amount equal to the negative of the Estimated Closing Working Capital Adjustment Amount; (c) Estimated Closing Working Capital is less than the Lower Band Amount and Final Closing Working Capital is greater than the Upper Band Amount, the amount equal to the sum of (i) the negative of the Estimated Closing Working Capital Adjustment Amount, plus (ii) Final Closing Working Capital, minus (iii) the Upper Band Amount; (d) Estimated Closing Working Capital and Final Closing Working Capital are both Within the Band Amount, \$0; (e) Estimated Closing Working Capital is Within the Band Amount and Final Closing Working Capital is less than the Lower Band Amount, the amount (which shall be negative) equal to (A) Final Closing Working Capital, minus (B) the Lower Band Amount; (f) Estimated Closing Working Capital is Within the Band Amount and Final Closing Working Capital is greater than the Upper Band Amount, the amount equal to (A) Final Closing Working Capital, minus (B) the Upper Band Amount; (g) Estimated Closing Working Capital is greater than the Upper Band Amount and Final Closing Working Capital is Within the Band Amount, the amount equal to the negative of the Estimated Closing Working Capital Adjustment Amount; or (h) Estimated Closing Working Capital is greater than the Upper Band Amount and Final Closing Working Capital is less than the Lower Band Amount, the amount (which shall be negative) equal to the sum of (i) the negative of the Estimated Closing Working Capital Adjustment Amount, plus (ii) Final Closing Working Capital, minus (iii) the Lower Band Amount.

“Final Hostess Cash” has the meaning set forth in [Section 2.5\(e\)](#).

“Final Hostess EBITDA” has the meaning set forth in [Section 2.6\(d\)](#).

“Final Hostess Transaction Costs” has the meaning set forth in [Section 2.5\(e\)](#).

“Final LTIP Payment Amount” has the meaning set forth in [Section 2.5\(e\)](#).

“Final Rollover Indebtedness Amount” has the meaning set forth in [Section 2.5\(e\)](#).

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“**Financial Statements**” has the meaning set forth in Section 4.5.

“**Fundamental Representations**” has the meaning set forth in Section 9.1(a).

“**GAAP**” means generally accepted accounting principles in the United States, consistently applied in accordance with past practices.

“**Governmental Entity**” means any court, tribunal, arbitrator, authority, agency, commission, legislative body or official of the United States or any state, or similar governing entity, in the United States or in a foreign jurisdiction.

“**Hostess Brands**” means Hostess Brands, LLC, a Delaware limited liability company.

“**Hostess Business Combination**” means the acquisition by the Buyer, directly or indirectly, of the Closing Hostess Securities upon the terms and subject to the conditions set forth in this Agreement and the other Transaction Documents.

“**Hostess Cash**” means, as of 12:01 a.m., Eastern time, on the Closing Date, an amount equal to all Cash and Cash Equivalents of each Hostess Entity.

“**Hostess CDM Co-Invest**” has the meaning set forth in the preamble to this Agreement.

“**Hostess Company**” means each of AP Hostess Holdings, Hostess GP and Hostess Holdings.

“**Hostess EBITDA**” means, for any period, “EBITDA” as defined on Schedule D, in each case calculated in accordance with GAAP applied consistently with past practices and the rules and methods set forth on Schedule D; provided, that to the extent of any conflict between GAAP applied consistently with past practices and the rules and methods set forth on Schedule D, the rules and methods set forth on Schedule D shall control.

“**Hostess Entities**” means, collectively, the Hostess Companies and the Hostess Subsidiaries.

“**Hostess GP**” has the meaning set forth in the recitals to this Agreement.

“**Hostess Holdco**” has the meaning set forth in the recitals to this Agreement.

“**Hostess Holdings**” has the meaning set forth in the recitals to this Agreement.

“**Hostess Holdings A&R LPA**” has the meaning set forth in the recitals to this Agreement.

“**Hostess Intellectual Property**” means all Intellectual Property that is either (a) owned or purported to be owned by the Hostess Entities (solely or jointly with others) or (b) used in the business of any of the Hostess Entities or incorporated or embodied in any Products.

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**“Hostess Material Adverse Effect”** means any change, effect, event or occurrence that is materially adverse to the business, assets, liabilities, properties, condition (financial or otherwise) or results of operations of the Hostess Entities, taken as a whole; provided, however, that any such change, effect, event or occurrence resulting from the following items shall not be considered when determining whether a Hostess Material Adverse Effect has occurred (unless, in the case of clauses (a), (b), (c) and (d), such changes or events have a disproportionate effect on the Hostess Entities as compared to other companies in the same industry, in which case only the extent of such disproportionate effect shall be taken into account when determining whether a Hostess Material Adverse Effect has occurred): (a) changes in economic, political, regulatory, financial or capital market conditions generally or in the industries in which the Hostess Entities operate (including the inability to finance the acquisition or any increased costs for financing or suspension of trading in, or limitation on prices for, securities on any domestic or international securities exchange) or any failure or bankruptcy (or any similar event) of any financial services or banking institution or insurance company, (b) any acts of war, sabotage, terrorist activities or changes imposed by a Governmental Entity associated with additional security, (c) effects of weather or meteorological events, (d) any change of Law, accounting standards, regulatory policy or industry standards after the date hereof, (e) the announcement, execution, delivery or performance of this Agreement or the consummation of the Transactions or the fact that the prospective owner of the Hostess Entities is the Buyer, (f) any change in the financial condition or results of operation of the Buyer or its Affiliates, including changes to the credit rating of the Buyer and its Affiliates, (g) any failure by the Hostess Entities to meet projections or forecasts or revenue or earnings predictions for any period (but, for the purposes of clarity, not the underlying causes of such failure), (h) any event described in the Disclosure Schedule (but, for the purposes of clarity, not the changes, effects or occurrences resulting from such event), (i) any actions taken by a Hostess Entity after the date hereof at the written request of the Buyer and (j) any actions required to be taken pursuant to this Agreement.

**“Hostess Material Contracts”** has the meaning set forth in Section 4.9(b).

**“Hostess-Owned Real Property”** has the meaning set forth in Section 4.10(a).

**“Hostess Securities”** means the AP Hostess Holdings Common Stock, the Class C GP Interests and the Class C LP Interests set forth on Schedule A.

**“Hostess Subsidiary”** means each of Management LLC (prior to the consummation of the Management LLC Merger), New Hostess Holdco and each Subsidiary thereof.

**“Hostess Transaction Costs”** means fees, costs and expenses of the Hostess Entities, other than fees, costs and expenses incurred on behalf of the Buyer or any Affiliate thereof, in each case, incurred prior to and through the Closing Date in connection with the negotiation, preparation and execution of this Agreement, the other Transaction Documents and the consummation of the Transactions, to the extent not paid prior to the Closing. For the avoidance of doubt, the Hostess Transaction Costs shall include (a) all fees, costs and expenses of any Hostess Entity arising from the Transactions contemplated by the Management LLC Merger, the AP Hostess Holdings Merger and the Contribution and Purchase, but shall exclude

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fees costs and expenses incurred by the Buyer, Merger Sub and their Affiliates in connection with the Management LLC Merger, the AP Hostess Holdings Merger and the Contribution and Purchase, (b) all bonuses, change in control payments, severance payments, retirement payments, retention or similar payments or success fees payable in connection with or anticipation of the consummation of the Transactions, and any Taxes payable in connection with the foregoing amounts, (c) all costs, fees and expenses related to the D&O Tail, (d) all amounts payable or potentially payable under the Toler Letter Agreement, to the extent not paid prior to the Closing, and (e) any Taxes payable in connection with any amounts payable under clause (b). For the avoidance of doubt, bonuses awarded or payable in the ordinary course of business and accrued as a Current Liability on the Estimated Adjustment Statement and the LTIP Payment Amount shall not be considered Hostess Transaction Costs.

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“**Income Tax Return**” means a Tax Return with respect to an Income Tax.

“**Income Taxes**” means Taxes imposed on net income and franchise Taxes imposed in lieu of Taxes imposed on net income, and any partnership tax return with respect to an income or franchise Tax.

“**Indebtedness**” means any of the following: (a) any indebtedness for borrowed money; (b) any obligations evidenced by bonds, debentures, notes or other similar instruments; (c) any obligations to pay the deferred purchase price of property or services, except trade accounts payable and other current liabilities; (d) any obligations as lessee under capitalized leases; (e) any obligations, contingent or otherwise, under acceptance, letters of credit or similar facilities; (f) any guaranty of any of the foregoing; (g) any accrued interest, fees and charges in respect of any of the foregoing; and (h) any prepayment premiums and penalties, and any other fees, expenses, indemnities and other amounts payable as a result of the prepayment or discharge of any of the foregoing.

“**Indemnitee**” means any Person that is seeking indemnification pursuant to the provisions of this Agreement.

“**Indemnitor**” means any Party from which a Person is seeking indemnification pursuant to the provisions of this Agreement.

“**Indemnity Cap**” has the meaning set forth in [Section 9.2\(b\)](#).

“**Independent Expert**” has the meaning set forth in [Section 2.5\(d\)](#).

“**Initial Hostess EBITDA Statement**” has the meaning set forth in [Section 2.6\(a\)](#).

“**Intellectual Property**” means all (a) patents and patent applications, (b) trademarks, service marks and trademark and service mark applications and registrations, trade dress, logos, trade names and domain names, (c) copyrights, together with all applications, registrations and renewals therefor, and (d) trade secrets and other proprietary and confidential information (including recipes).

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“**Intercompany Contract**” means each Contract between a Hostess Entity, on the one hand, and a different Hostess Entity, on the other hand.

“**Interim Balance Sheet Date**” has the meaning set forth in Section 4.5.

“**Interim Financial Statements**” has the meaning set forth in Section 4.5.

“**Interim Period**” means the period beginning on the date hereof and ending on the earlier of (i) the Closing and (ii) the termination of this Agreement.

“**Investment Company Act**” means the Investment Company Act of 1940, as amended.

“**IRS**” means the Internal Revenue Service.

“**JOBS Act**” means the U.S. Jumpstart Our Business Startups Act of 2012, as amended.

“**Knowledge**” means, (a) for purposes of the representations and warranties set forth in Article III, (i) with respect to Hostess CDM Co-Invest and CDM Hostess, the actual knowledge of C. Dean Metropoulos and (ii) with respect to AP Hostess LP, the actual knowledge of Andrew Jhavar and Daniel Flesh, (b) for purposes of the representations and warranties set forth in Article IV, (i) with respect to the Sellers, the actual knowledge of William Toler, Michael Cramer, Thomas Peterson, Andrew Jacobs and Robert Molina, and the knowledge that each such person would reasonably be expected to obtain in the course of diligently performing his duties, and the actual knowledge of C. Dean Metropoulos, and (ii) with respect to AP Hostess LP, the actual knowledge of Andrew Jhavar and Daniel Flesh; provided, however, that for purposes of the representations and warranties set forth in the last sentence of Section 4.8(c), “Knowledge” shall mean, with respect to the Sellers, the actual knowledge of William Toler, Michael Cramer, Thomas Peterson, Andrew Jacobs, Robert Molina and C. Dean Metropoulos without any duty of inquiry, and (c) for purposes of the representations and warranties set forth in Article V, with respect to the Buyer, the actual knowledge of Alec Gores and Mark Stone, and the knowledge that each such person would reasonably be expected to obtain in the course of diligently performing his duties.

“**Law**” means, with respect to any Person, any statute, law (including common law), code, treaty, ordinance, rule or regulation of any Governmental Entity applicable to such Person as of the date hereof.

“**Legal Proceeding**” means any action, suit, hearing, claim, lawsuit, litigation, investigation, arbitration or proceeding (in each case, whether civil, criminal or administrative or at law or in equity) by or before a Governmental Entity.

“**Lien**” means with respect to any property or asset, any lien, mortgage, pledge, charge, security interest or other encumbrance in respect of such property or asset.

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“**Losses**” has the meaning set forth in Section 9.2(a).

“**Lower Band Amount**” means Target Working Capital minus the Non-Adjustment Amount.

“**LTIP**” means Hostess Brand’s Long Term Incentive Program.

“**LTIP Payment Amount**” means the aggregate amounts payable to holders of outstanding awards under the Tranche 1 LTIP awards set forth on Section 4.11(h)(1) of the Disclosure Schedule as of immediately prior to the Closing.

“**LP Unit**” has the meaning set forth in the recitals to this Agreement.

“**Major Customer**” means each of the top 20 recurring customers of the Hostess Entities based on amounts paid for goods or services during the twelve months ended May 31, 2016.

“**Major Supplier**” means (a) each of the top 20 recurring suppliers and vendors of goods and services to the Hostess Entities based on amounts paid for goods or services during the twelve months ended May 31, 2016 and (b) any sole source supplier of any good or services to the Hostess Entities, other than any sole source supplier providing goods or services for which the Hostess Entities can readily obtain a replacement supplier.

“**Management LLC**” has the meaning set forth in the recitals to this Agreement.

“**Management LLC Employees**” means the employees of the Hostess Entities, who, as of the date hereof, own Management LLC Units, excluding, for the avoidance of doubt, CDM Hostess.

“**Management LLC Class B-1 and B-2 Cash Payment Amount**” means the aggregate amount of cash to be paid to the Management LLC Employees holding Class B-1 Units and Class B-2 Units in Management LLC as of the Closing, as set forth on Schedule B.

“**Management LLC Merger**” has the meaning set forth in the recitals to this Agreement.

“**Management LLC Merger Agreement**” has the meaning set forth in the recitals to this Agreement.

“**Management LLC Units**” has the meaning set forth in the recitals to this Agreement.

“**Maximum Cash Amount**” has the meaning set forth in Section 2.5(j).

“**Measurement Year**” means either of the 2016 Measurement Year or the 2017 Measurement Year.

“**Merger Sub**” has the meaning set forth in the preamble to this Agreement.

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“**NASDAQ**” has the meaning set forth in Section 5.11(a).

“**New Hostess Holdco**” has the meaning set forth in the recitals to this Agreement.

“**Non-Adjustment Amount**” means \$1,500,000.

“**Notice of Claim**” has the meaning set forth in Section 9.4(a).

“**Order**” means any award, injunction, judgment, order, writ, decree or ruling entered, issued, made, or rendered by any Governmental Entity that possesses competent jurisdiction.

“**Organizational Documents**” means, with respect to any Person that is not an individual, the articles or certificate of incorporation or organization, by-laws, limited partnership agreement, partnership agreement, limited liability company agreement, shareholders agreement or such other organizational documents of such Person.

“**Outside Date**” has the meaning set forth in Section 8.1(a).

“**Parties**” means the Sellers, the Buyer and Merger Sub, collectively.

“**Permit**” means a consent, approval, license, permit, certificate, authorization or extension of applicable waiting period from any Governmental Entity.

“**Permitted Change in Control**” has the meaning given to such term in each of the Rollover Credit Agreements, as applicable.

“**Permitted Lien**” means (a) any Lien for Taxes that are not yet due or delinquent or that are being contested in good faith, provided that adequate reserves have been made therefor in accordance with GAAP on the Financial Statements, (b) any landlords’, mechanics’, workmen’s, repairmen’s, warehousemen’s, carriers’ or other like Lien arising in the ordinary course of business with respect to a liability that is not yet due or delinquent or that is being contested in good faith, (c) imperfections or irregularities of title and other Liens that would not, individually or in the aggregate, materially detract from the value of, or materially interfere with, the present use and enjoyment of the asset or property subject thereto or affected thereby, (d) zoning, planning, building and other similar limitations, restrictions and rights of any Governmental Entity to regulate property, (e) any Lien to be released on or prior to Closing, (f) Liens and other matters listed on Section 10 of the Disclosure Schedule, (g) any condition that may be shown on a current survey or by inspection of a property, (h) any Lien that a reputable title insurance company would be willing to omit as an exception or affirmatively insure against in a title insurance policy for the affected property, (i) any Lien recorded or filed in any land register or other public register, and (j) any Lien arising pursuant to the Rollover Credit Agreements or securing the Rollover Indebtedness.

“**Person**” means any natural person, corporation, general partnership, limited partnership, limited liability company, proprietorship, other business organization or Governmental Entity.

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**“Pre-Closing Tax Period”** means any taxable period ending on or before the Closing Date and the portion through the end of the Closing Date for any Straddle Period.

**“Products”** has the meaning set forth in Section 4.7.

**“Pro-Rata Share”** means, with respect to each Seller, the percentage expressed opposite such Seller’s name on Schedule B under the heading of “Pro-Rata Share”.

**“Proxy Statement”** has the meaning set forth in Section 6.6(a).

**“Purchase Price”** has the meaning set forth in Section 2.1.

**“Real Property Leases”** has the meaning set forth in Section 4.10(b).

**“Registered IP”** has the meaning set forth in Section 4.16(a).

**“Registration Rights Agreement”** has the meaning set forth in the recitals to this Agreement.

**“Related Parties”** means, with respect to a Person, such Person’s former, current and future direct or indirect equityholders, controlling Persons, shareholders, members, general or limited partners, Affiliates, Representatives, and each of their respective successors and assigns.

**“Representatives”** means the officers, directors, managers, employees, counsel, accountants, agents, financial advisers and consultants of a Person.

**“Rollover Credit Agreement Default”** means any Default (as defined in either Rollover Credit Agreement) or any Event of Default (as defined in either Rollover Credit Agreement).

**“Rollover Credit Agreements”** means, collectively, (a) that certain First Lien Credit Agreement, dated as of August 3, 2015, by and among HB Holdings, LLC, Hostess Brands, the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent and (b) that certain Second Lien Credit Agreement, dated as of August 3, 2015, by and among HB Holdings, LLC, Hostess Brands, the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent.

**“Rollover Indebtedness”** means, as of the applicable date of determination, all of the outstanding Indebtedness of the Hostess Subsidiaries under the Rollover Credit Agreements; provided, that for purposes of determining the Rollover Indebtedness, no contingent reimbursement obligations with respect to any letters of credit or similar credit support of a Hostess Entity shall be considered Indebtedness of the Hostess Entities.

**“Sarbanes-Oxley Act”** means the Sarbanes-Oxley Act of 2002, as amended.

**“SEC”** means the U.S. Securities and Exchange Commission.



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“**Section 16**” has the meaning set forth in Section 6.10.

“**Section 280G**” has the meaning set forth in Section 6.22.

“**Securities Act**” means the Securities Act of 1933, as amended from time to time.

“**Seller**” or “**Sellers**” has the meaning set forth in the preamble to this Agreement.

“**Seller Indemnitees**” has the meaning set forth in Section 9.3(a).

“**Seller Released Parties**” has the meaning set forth in Section 6.16(a).

“**Sellers’ Representative**” has the meaning set forth in the preamble to this Agreement.

“**Sellers’ Required Funds**” means \$600,000,000.

“**Specified Matter**” has the meaning set forth in Section 9.2(a)(vii).

“**Specified Matter AP Hostess LP Escrow Shares**” means a number of shares of Buyer Class A Common Stock equal to (a) the Specified Matter Cap, multiplied by (b) AP Hostess LP’s Pro-Rata Share, divided by (c) the Closing Per Share Price.

“**Specified Matter Calculation Date**” shall mean each of (a) December 31, 2016, (b) December 31, 2017 and (c) the second anniversary of the Closing Date.

“**Specified Matter Cap**” has the meaning set forth in Section 9.2(b)(ii).

“**Specified Matter CDM Hostess Escrow Shares**” means a number of shares of Buyer Class B Common Stock equal to (a) the Specified Matter Cap, multiplied by (b) CDM Hostess’ Pro-Rata Share, divided by (c) the Closing Per Share Price.

“**Specified Matter Hostess CDM Co-Invest Escrow Shares**” means a number of shares of Buyer Class B Common Stock equal to (a) the Specified Matter Cap, multiplied by (b) Hostess CDM Co-Invest’s Pro-Rata Share, divided by (c) the Closing Per Share Price.

“**Specified Matter Escrow Account**” has the meaning set forth in Section 2.4(a).

“**Specified Matter Escrow Shares**” means, collectively, the Specified Matter AP Hostess LP Escrow Shares, Specified Matter CDM Hostess Escrow Shares and Specified Matter Hostess CDM Co-Invest Escrow Shares.

“**Specified Matter Indemnification Amount**” has the meaning set forth in Section 9.2(c).

“**Specified Matter Notice of Objection**” has the meaning set forth in Section 9.2(c).

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“**Specified Matter Payment Date**” has the meaning set forth in Section 9.2(c).

“**Specified Matter Review Period**” has the meaning set forth in Section 9.2(c).

“**Specified Matter Statement**” has the meaning set forth in Section 9.2(c).

“**Stage One Merger**” has the meaning set forth in the recitals to this Agreement.

“**Stage Two Merger**” has the meaning set forth in the recitals to this Agreement.

“**Stock Consideration**” means the Buyer Class A Common Stock, the Buyer Class B Common Stock and the LP Units to be issued to the Sellers pursuant to the Transactions contemplated by this Agreement, the AP Hostess Holdings Merger Agreement, Management LLC Merger Agreement and the Contribution and Purchase Agreement, including any Earn Out Shares issuable pursuant to Section 2.6.

“**Straddle Period**” has the meaning set forth in Section 6.14(f)(ii)(1).

“**Subscription Agreements**” has the meaning set forth in Section 5.16.

“**Subsidiary**” means, with respect to any Person, any corporation, limited liability company, partnership, joint venture or other legal entity of which such Person (either alone or through or together with any other Subsidiary), owns, directly or indirectly, more than 50% of the Equity Interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of a non-corporate Person.

“**Target Rollover Indebtedness Amount**” means \$991,800,000.

“**Target Working Capital**” means \$39,600,000.

“**Tax**” or “**Taxes**” means (a) any United States local, state or federal or foreign income, profits, franchise, withholding, ad valorem, personal property (tangible and intangible), employment, payroll, sales and use, social security, disability, occupation, real property, escheat or unclaimed property obligation, severance, excise and other taxes imposed by a Taxing Authority, (b) any interest, penalty, fine or addition thereto and (c) any liability in respect of any items described in clauses (a) or (b) payable by reason of Contract, assumption, transferee or successor liability, operation of Law or Treas. Reg. Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law) or otherwise.

“**Tax Benefit Period**” has the meaning set forth in Section 9.6(c).

“**Tax Claim**” has the meaning set forth in Section 6.14(h).

“**Tax Purchase Price**” has the meaning set forth in Section 2.7.

“**Tax Receivable Payments**” means all payments made to the Sellers pursuant to the Tax Receivables Agreement.

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“**Tax Receivable Agreement**” has the meaning set forth in the recitals to this Agreement.

“**Tax Receivable Amount**” means the aggregate amount of all Tax Receivable Payments.

“**Tax Representations**” has the meaning set forth in Section 9.1(a).

“**Tax Returns**” means any return, report or similar statement filed or required to be filed with respect to any Taxes (including any attached schedules), including any information return, claim for refund, amended return and declaration of estimated Tax.

“**Taxing Authority**” means, with respect to any Tax, the Governmental Entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

“**Territory**” has the meaning set forth in Section 4.16(a).

“**Third Party Claim**” has the meaning set forth in Section 9.4(a).

“**Third Party Defense**” has the meaning set forth in Section 9.4(b).

“**Toler Bonus**” has the meaning set forth in the Management LLC Merger Agreement.

“**Toler Letter Agreement**” means that certain letter agreement, dated July 4, 2016, from Hostess Brands to William Toler.

“**Trading Day**” means a day on which the NASDAQ Capital Market or such other principal United States securities exchange on which the shares of Buyer Class A Common Stock are listed or admitted to trading is open for the transaction of business (unless such trading shall have been suspended for the entire day), or if the shares of Buyer Class A Common Stock are not listed or admitted to trading on such an exchange, on the automated quotation system on which the shares of Buyer Class A Common Stock are then authorized for quotation.

“**Transaction Document**” means this Agreement, the Management LLC Merger Agreement, the Hostess Holdings A&R LPA, AP Hostess Holdings Merger Agreement, Buyer A&R Charter, Contribution and Purchase Agreement, the Exchange Agreement, the Tax Receivable Agreement, the Registration Rights Agreement, the Escrow Agreement, the Subscription Agreements, the Executive Chairman Agreement, the Confidentiality Agreement and all the agreements, documents, instruments and certificates entered into in connection herewith or therewith and any and all exhibits and schedules thereto.

“**Transaction Proposals**” has the meaning set forth in Section 6.6(a).

“**Transfer Taxes**” means all transfer, sales, use, real property transfer, goods and services, value added, documentary, stamp duty, gross receipts, excise, transfer and conveyance Taxes and other similar Taxes, duties, fees or charges.

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“**Transactions**” means the transactions contemplated by this Agreement and the other Transaction Documents.

“**Trust Account**” has the meaning set forth in Section 5.17(a).

“**Trust Agreement**” has the meaning set forth in Section 5.17(a).

“**Trustee**” has the meaning set forth in Section 5.17(a).

“**Upper Band Amount**” means Target Working Capital plus the Non-Adjustment Amount.

“**VWAP**” means the daily per share volume-weighted average price of Buyer Class A Common Stock on the principal U.S. securities exchange or automated or electronic quotation system on which Buyer Class A Common Stock trades, as displayed under the heading Bloomberg VWAP on the Bloomberg page designated for Buyer Class A Common Stock (or its equivalent successor if such page is not available) in respect of the period from the open of trading on such day until the close of trading on such day (or if such volumeweighted average price is unavailable, (a) the per share volume-weighted average price of such Buyer Class A Common Stock on such day (determined without regard to afterhours trading or any other trading outside the regular trading session or trading hours), or (b) if such determination is not feasible, the market price per share of Buyer Class A Common Stock, in either case as determined by a nationally recognized independent investment banking firm retained in good faith for this purpose by the Buyer).

“**Waived 280G Benefits**” has the mean set forth in Section 6.22.

“**Within the Band Amount**” means greater than or equal to the Lower Band Amount and less than or equal to the Upper Band Amount.

“**WARN Act**” has the meaning set forth in Section 4.12(e).

## GORES SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT is entered into this        day of July, 2016, by and between Gores Holdings, Inc., a Delaware corporation (the "Company"), and the undersigned ("Subscriber").

WHEREAS, the Company intends to enter into that certain Master Transaction Agreement, to be dated as of the date hereof (the "Transaction Agreement"), pursuant to which the Company will acquire from the Sellers named therein all of the entities and interests comprising the business of the Hostess Brands (the "Hostess Business"), on the terms and subject to the conditions set forth therein (the "Transaction"); and

WHEREAS, in connection with the Transaction, Subscriber desires to subscribe for and purchase from the Company that number of shares of the Company's Class A common stock, par value \$0.0001 per share set forth on the signature page hereto (the "Acquired Shares"), for a purchase price of \$9.18032787 per share, or the aggregate amount set forth on the signature page hereto (the "Purchase Price"), and the Company desires to issue and sell to Subscriber the Acquired Shares in consideration of the payment of the Purchase Price by or on behalf of Subscriber to the Company on or prior to the Closing (as defined below);

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants, and subject to the conditions, herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Subscription. Subject to the terms and conditions hereof, Subscriber hereby agrees to subscribe for and purchase, and the Company hereby agrees to issue and sell to Subscriber, upon the payment of the Purchase Price, the Acquired Shares (such subscription and issuance, the "Subscription").

2. Closing.

a. The closing of the Subscription contemplated hereby (the "Closing") is contingent upon the anticipated consummation of the Transaction. The Closing shall occur one (1) business day prior to the anticipated closing date of the Transaction. Upon not less than five (5) business days' written notice from (or on behalf of) the Company to Subscriber (the "Closing Notice") that the Company reasonably expects all conditions to the closing of the Transaction to be satisfied on a date that is not less than five (5) business days from the date of the Closing Notice, Subscriber shall deliver to the Company on the closing date specified in the Closing Notice (the "Closing Date") the Purchase Price for the Acquired Shares by wire transfer of United States dollars in immediately available funds to the account specified by the Company in the Closing Notice against delivery by the Company to Subscriber of the Acquired Shares in book entry form.

b. The Closing shall be subject to the conditions that, on the Closing Date:

(i) no suspension of the qualification of the Acquired Shares for offering or sale or trading in any jurisdiction, or initiation or threatening of any proceedings for any of such purposes, shall have occurred;

(ii) all representations and warranties of the Company and Subscriber contained in this Subscription Agreement shall be true and correct in all material respects as of the Closing Date, and consummation of the Closing shall constitute a reaffirmation by each of the Company and Subscriber of each of the representations, warranties and agreements of each such party contained in this Subscription Agreement as of the Closing Date;

(iii) no governmental authority shall have enacted, issued, promulgated, enforced or entered any judgment, order, rule or regulation (whether temporary, preliminary or permanent) which is then in effect and has the effect of making consummation of the transactions contemplated hereby illegal or otherwise preventing or prohibiting consummation of the transactions contemplated hereby; and

(iv) all conditions precedent to the closing of the Transaction, including the approval of the Company's shareholders, shall have been satisfied or waived.

c. At the Closing, the parties hereto shall execute and deliver such additional documents and take such additional actions as the parties reasonably may deem to be practical and necessary in order to consummate the Subscription as contemplated by this Agreement.

**3. Company Representations and Warranties.** The Company represents and warrants that:

a. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own, lease and operate its properties and conduct its business as presently conducted and to enter into, deliver and perform its obligations under this Subscription Agreement.

b. The Acquired Shares have been duly authorized and, when issued and delivered to Subscriber against full payment therefor in accordance with the terms of this Subscription Agreement, the Acquired Shares will be validly issued, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive or similar rights created under the Company's amended and restated certificate of incorporation or under the Delaware General Corporation Law.

c. This Subscription Agreement has been duly authorized, executed and delivered by the Company and is enforceable against it in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally, and (ii) principles of equity, whether considered at law or equity.

d. The issuance and sale of the Acquired Shares and the compliance by the Company with all of the provisions of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Company or any of its subsidiaries pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the

property or assets of the Company or any of its subsidiaries is subject, which would reasonably be expected to have a material adverse effect on the business, properties, financial condition, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect") or materially affect the validity of the Acquired Shares or the legal authority of the Company to comply in all material respects with the terms of this Subscription Agreement; (ii) result in any violation of the provisions of the organizational documents of the Company or any of its subsidiaries; or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their respective properties that would reasonably be expected to have a Material Adverse Effect or materially affect the validity of the Acquired Shares or the legal authority of the Company to comply in all material respects with this Subscription Agreement.

4. Subscriber Representations and Warranties. Subscriber represents and warrants that:

a. If Subscriber is not an individual, Subscriber has been duly formed or incorporated and is validly existing in good standing under the laws of its jurisdiction of incorporation or formation, with power and authority to enter into, deliver and perform its obligations under this Subscription Agreement. If Subscriber is an individual, Subscriber has the authority to enter into, deliver and perform its obligations under this Subscription Agreement.

b. If Subscriber is not an individual, this Subscription Agreement has been duly authorized, executed and delivered by Subscriber. If Subscriber is an individual, the signature on this Subscription Agreement is genuine, and Subscriber has legal competence and capacity to execute the same. This Subscription Agreement is enforceable against Subscriber in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally, and (ii) principles of equity, whether considered at law or equity.

c. The execution, delivery and performance by Subscriber of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of Subscriber or any of its subsidiaries pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which Subscriber or any of its subsidiaries is a party or by which Subscriber or any of its subsidiaries is bound or to which any of the property or assets of Subscriber or any of its subsidiaries is subject, which would reasonably be expected to have a material adverse effect on the business, properties, financial condition, stockholders' equity or results of operations of Subscriber and its subsidiaries, taken as a whole (a "Subscriber Material Adverse Effect") or materially affect the legal authority of Subscriber to comply in all material respects with the terms of this Subscription Agreement; (ii) if Subscriber is not an individual, result in any violation of the provisions of the organizational documents of Subscriber or any of its subsidiaries; or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over Subscriber or any of its subsidiaries or any of their respective properties that would reasonably be expected to have a Subscriber Material Adverse Effect or materially affect the legal authority of Subscriber to comply in all material respects with this Subscription Agreement.

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d. Subscriber (i) is a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”)) or an institutional “accredited investor” (within the meaning of Rule 501(a) under the Securities Act) satisfying the applicable requirements set forth on Schedule A, (ii) is acquiring the Acquired Shares only for its own account and not for the account of others, or if Subscriber is subscribing for the Acquired Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a qualified institutional buyer and Subscriber has full investment discretion with respect to each such account, and the full power and authority to make the acknowledgements, representations and agreements herein on behalf of each owner of each such account, and (iii) is not acquiring the Acquired Shares with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act (and shall provide the requested information on Schedule A following the signature page hereto). Subscriber is not an entity formed for the specific purpose of acquiring the Acquired Shares.

e. Subscriber understands that the Acquired Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act and that the Acquired Shares have not been registered under the Securities Act. Subscriber understands that the Acquired Shares may not be resold, transferred, pledged or otherwise disposed of by Subscriber absent an effective registration statement under the Securities Act, except (i) to the Company or a subsidiary thereof, (ii) to non-U.S. persons pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act or (iii) pursuant to another applicable exemption from the registration requirements of the Securities Act, and that any certificates representing the Acquired Shares shall contain a legend to such effect. Subscriber acknowledges that the Acquired Shares will not be eligible for resale pursuant to Rule 144A promulgated under the Securities Act. Subscriber understands and agrees that the Acquired Shares will be subject to transfer restrictions and, as a result of these transfer restrictions, Subscriber may not be able to readily resell the Acquired Shares and may be required to bear the financial risk of an investment in the Acquired Shares for an indefinite period of time. Subscriber understands that it has been advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Acquired Shares.

f. Subscriber understands and agrees that Subscriber is purchasing the Acquired Shares directly from the Company. Subscriber further acknowledges that there have been no representations, warranties, covenants and agreements made to Subscriber by the Company or any of its officers or directors, expressly or by implication, other than those representations, warranties, covenants and agreements included in this Subscription Agreement.

g. Subscriber represents and warrants that its acquisition and holding of the Acquired Shares will not constitute or result in a non-exempt prohibited transaction under Section 406 of the Employee Retirement Income Security Act of 1974, as amended, Section 4975 of the Internal Revenue Code of 1986, as amended, or any applicable similar law.



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h. In making its decision to purchase the Acquired Shares, Subscriber represents that it has relied solely upon independent investigation made by Subscriber. Subscriber acknowledges and agrees that Subscriber has received such information as Subscriber deems necessary in order to make an investment decision with respect to the Acquired Shares, including with respect to the Company, the Seller, the Hostess Business and the Transaction. Subscriber represents and agrees that Subscriber and Subscriber's professional advisor(s), if any, have had the full opportunity to ask such questions, receive such answers and obtain such information as Subscriber and such undersigned's professional advisor(s), if any, have deemed necessary to make an investment decision with respect to the Acquired Shares.

i. Subscriber became aware of this offering of the Acquired Shares solely by means of direct contact between Subscriber and the Company, and the Acquired Shares were offered to Subscriber solely by direct contact between Subscriber and the Company. Subscriber did not become aware of this offering of the Acquired Shares, nor were the Acquired Shares offered to Subscriber, by any other means. Subscriber acknowledges that the Company represents and warrants that the Acquired Shares (i) were not offered by any form of general solicitation or general advertising and (ii) are not being offered in a manner involving a public offering under, or in a distribution in violation of, the Securities Act, or any state securities laws.

j. Subscriber acknowledges that it is aware that there are substantial risks incident to the purchase and ownership of the Acquired Shares. Subscriber has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Acquired Shares, and Subscriber has sought such accounting, legal and tax advice as Subscriber has considered necessary to make an informed investment decision.

k. Alone, or together with any professional advisor(s), Subscriber represents and acknowledges that Subscriber has adequately analyzed and fully considered the risks of an investment in the Acquired Shares and determined that the Acquired Shares are a suitable investment for Subscriber and that Subscriber is able at this time and in the foreseeable future to bear the economic risk of a total loss of Subscriber's investment in the Company. Subscriber acknowledges specifically that a possibility of total loss exists.

l. Subscriber understands and agrees that no federal or state agency has passed upon or endorsed the merits of the offering of the Acquired Shares or made any findings or determination as to the fairness of this investment.

m. Subscriber represents and warrants that Subscriber is not (i) a person or entity named on the List of Specially Designated Nationals and Blocked Persons administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") or in any Executive Order issued by the President of the United States and administered by OFAC ("OFAC List"), or a person or entity prohibited by any OFAC sanctions program, (ii) a Designated National as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, or (iii) a non-U.S. shell bank or providing banking services indirectly to a non-U.S. shell bank (collectively, a "Prohibited Investor"). Subscriber agrees to provide law enforcement agencies, if requested thereby, such records as required by applicable law, provided that Subscriber is permitted to do so under applicable law. Subscriber represents that if it is a financial institution subject to the Bank Secrecy Act (31 U.S.C. Section 5311 et seq.) (the "BSA"), as amended by the USA

PATRIOT Act of 2001 (the "PATRIOT Act"), and its implementing regulations (collectively, the "BSA/PATRIOT Act"), that Subscriber maintains policies and procedures reasonably designed to comply with applicable obligations under the BSA/PATRIOT Act. Subscriber also represents that, to the extent required, it maintains policies and procedures reasonably designed for the screening of its investors against the OFAC sanctions programs, including the OFAC List. Subscriber further represents and warrants that, to the extent required, it maintains policies and procedures reasonably designed to ensure that the funds held by Subscriber and used to purchase the Acquired Shares were legally derived.

5. Registration Rights. The Company agrees that, within thirty (30) calendar days after the consummation of the Transaction, the Company will file with the SEC a registration statement registering the resale of the Acquired Shares (the "Registration Statement"), and the Company shall use its commercially reasonable efforts to have the Registration Statement declared effective as soon as practicable after the filing thereof; *provided, however*, that the Company's obligations to include the Acquired Shares in the Registration Statement are contingent upon Subscriber furnishing in writing to the Company such information regarding Subscriber, the securities of the Company held by Subscriber and the intended method of disposition of the Acquired Shares as shall be reasonably requested by the Company to effect the registration of the Acquired Shares, and shall execute such documents in connection with such registration as the Company may reasonably request that are customary of a selling stockholder in similar situations.

6. Termination. This Subscription Agreement shall terminate and be void and of no further force and effect, and all rights and obligations of the parties hereunder shall terminate without any further liability on the part of any party in respect thereof, upon the earlier to occur of (a) such date and time as the Transaction Agreement is terminated in accordance with its terms, (b) upon the mutual written agreement of each of the parties hereto to terminate this Subscription Agreement or (c) if any of the conditions to Closing set forth in Section 2 of this Subscription Agreement are not satisfied on or prior to the Closing and, as a result thereof, the transactions contemplated by this Subscription Agreement are not consummated at the Closing; *provided*, that nothing herein will relieve any party from liability for any willful breach hereof prior to the time of termination, and each party will be entitled to any remedies at law or in equity to recover losses, liabilities or damages arising from such breach. The Company shall promptly notify Subscriber of the termination of the Transaction Agreement promptly after the termination of such agreement.

7. Trust Account Waiver. Subscriber acknowledges that the Company is a blank check company with the powers and privileges to effect a merger, asset acquisition, reorganization or similar business combination involving the Company and one or more businesses or assets. Subscriber further acknowledges that, as described in the Company's prospectus relating to its initial public offering dated August 13, 2015 (the "Prospectus") available at [www.sec.gov](http://www.sec.gov), substantially all of the Company's assets consist of the cash proceeds of the Company's initial public offering and private placements of its securities, and substantially all of those proceeds have been deposited in a trust account (the "Trust Account") for the benefit of the Company, its public shareholders and the underwriters of the Company's initial public offering. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its tax obligations, if any, the cash in the Trust Account may

be disbursed only for the purposes set forth in the Prospectus. For and in consideration of the Company entering into this Subscription Agreement, the receipt and sufficiency of which are hereby acknowledged, Subscriber, on behalf of itself and its Representatives, hereby irrevocable waives any and all right, title and interest, or any claim of any kind they have or may have in the future, in or to any monies held in the Trust Account, and agrees not to seek recourse against the Trust Account as a result of, or arising out of, this Agreement.

8. Miscellaneous.

a. Subscriber acknowledges that the Company and others will rely on the acknowledgments, understandings, agreements, representations and warranties contained in this Subscription Agreement. Prior to the Closing, Subscriber agrees to promptly notify the Company if any of the acknowledgments, understandings, agreements, representations and warranties set forth herein are no longer accurate in all material respects.

b. The Company is entitled to rely upon this Subscription Agreement and is irrevocably authorized to produce this Subscription Agreement or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

c. Neither this Subscription Agreement nor any rights that may accrue to Subscriber hereunder (other than the Acquired Shares acquired hereunder, if any) may be transferred or assigned.

d. All the agreements, representations and warranties made by each party hereto in this Subscription Agreement shall survive the Closing.

e. The Company may request from Subscriber such additional information as the Company may deem necessary to evaluate the eligibility of Subscriber to acquire the Acquired Shares, and Subscriber shall provide such information as may be reasonably requested, to the extent readily available and to the extent consistent with its internal policies and procedures.

f. This Subscription Agreement may not be modified, waived or terminated except by an instrument in writing, signed by the party against whom enforcement of such modification, waiver, or termination is sought.

g. This Subscription Agreement constitutes the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the parties, with respect to the subject matter hereof. This Subscription Agreement shall not confer any rights or remedies upon any person other than the parties hereto, and their respective successor and assigns, and the Sellers' Representative (as defined in the Transaction Agreement), which shall be a third-party beneficiary to this Subscription Agreement and shall be entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

h. Except as otherwise provided herein, this Subscription Agreement shall be binding upon, and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives, and permitted assigns, and the agreements, representations, warranties, covenants and acknowledgments contained herein shall be deemed to be made by, and be binding upon, such heirs, executors, administrators, successors, legal representatives and permitted assigns.

i. If any provision of this Subscription Agreement shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby and shall continue in full force and effect.

j. This Subscription Agreement may be executed in one or more counterparts (including by facsimile or electronic mail or in .pdf) and by different parties in separate counterparts, with the same effect as if all parties hereto had signed the same document. All counterparts so executed and delivered shall be construed together and shall constitute one and the same agreement.

k. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Subscription Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Subscription Agreement and to enforce specifically the terms and provisions of this Subscription Agreement, this being in addition to any other remedy to which such party is entitled at law, in equity, in contract, in tort or otherwise.

**l. THIS SUBSCRIPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER STATE. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY LITIGATION PURSUANT TO THIS SUBSCRIPTION AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY.**

**IN WITNESS WHEREOF**, each of the Company and Subscriber has executed or caused this Subscription Agreement to be executed by its duly authorized representative as of the date set forth below.

GORES HOLDINGS, INC.

By: \_\_\_\_\_  
Name:  
Title:

Date: July \_\_\_\_, 2016

SUBSCRIBER:

Signature of Subscriber:

By: \_\_\_\_\_  
Name:  
Title:

Name of Subscriber:

\_\_\_\_\_  
(Please print. Please indicate name and capacity of person signing above)

Name in which shares are to be registered (if different):

Email Address:

If there are joint investors, please check one:

- Joint Tenants with Rights of Survivorship
- Tenants-in-Common
- Community Property

Subscriber's EIN: \_\_\_\_\_

Business Address-Street:

\_\_\_\_\_  
City, State, Zip:

Attn:

Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Signature of Joint Subscriber, if applicable:

By: \_\_\_\_\_  
Name:  
Title:

Name of Joint Subscriber, if applicable:

\_\_\_\_\_  
(Please Print. Please indicate name and capacity of person signing above)

Date: July \_\_\_\_, 2016

Joint Subscriber's EIN: \_\_\_\_\_

Mailing Address-Street (if different):

\_\_\_\_\_  
City, State, Zip:

Attn:

Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

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Number of Acquired Shares subscribed for:

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Price Per Acquired Share: \$9.18032787

Aggregate Purchase Price: \$ \_\_\_\_\_

You must pay the Purchase Price by wire transfer of United States dollars in immediately available funds to the account specified by the Company in the Closing Notice.

**SCHEDULE A**  
**ELIGIBILITY REPRESENTATIONS OF SUBSCRIBER**

A. QUALIFIED INSTITUTIONAL BUYER STATUS

(Please check the applicable subparagraphs):

1.  We are a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act (a “QIB”).
2.  We are subscribing for the Acquired Shares as a fiduciary or agent for one or more investor accounts, and each owner of such account is a QIB.

B. INSTITUTIONAL ACCREDITED INVESTOR STATUS

(Please check the applicable subparagraphs):

1.  We are an “accredited investor” (within the meaning of Rule 501(a) under the Securities Act or an entity in which all of the equity holders are accredited investors within the meaning of Rule 501(a) under the Securities Act, and have marked and initialed the appropriate box on the following page indicating the provision under which we qualify as an “accredited investor.”
2.  We are not a natural person.

C. AFFILIATE STATUS

(Please check the applicable box)

SUBSCRIBER:

- is:
- is not:

an “affiliate” (as defined in Rule 144 under the Securities Act) of the Company or acting on behalf of an affiliate of the Company.

***This page should be completed by Subscriber  
and constitutes a part of the Subscription Agreement.***

Schedule A-1

Rule 501(a), in relevant part, states that an “accredited investor” shall mean any person who comes within any of the below listed categories, or who the issuer reasonably believes comes within any of the below listed categories, at the time of the sale of the securities to that person. Subscriber has indicated, by marking and initialing the appropriate box below, the provision(s) below which apply to Subscriber and under which Subscriber accordingly qualifies as an “accredited investor.”

- Any bank, registered broker or dealer, insurance company, registered investment company, business development company, or small business investment company;
- Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000;
- Any employee benefit plan, within the meaning of the Employee Retirement Income Security Act of 1974, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5,000,000;
- Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- Any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase exceeds \$1,000,000. For purposes of calculating a natural person’s net worth: (a) the person’s primary residence must not be included as an asset; (b) indebtedness secured by the person’s primary residence up to the estimated fair market value of the primary residence must not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and (c) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the residence must be included as a liability;
- Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- Any trust with assets in excess of \$5,000,000, not formed to acquire the securities offered, whose purchase is directed by a sophisticated person; or
- Any entity in which all of the equity owners are accredited investors meeting one or more of the above tests.

Schedule A-2



## GORES SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT (this "Subscription Agreement") is entered into this 5th day of July, 2016, by and between Gores Holdings, Inc., a Delaware corporation (the "Company"), and the undersigned ("Subscriber"). Defined terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Transaction Agreement (as defined below).

WHEREAS, the Company concurrently herewith is entering into that certain Master Transaction Agreement, dated as of the date hereof (the "Transaction Agreement"), pursuant to which the Company will acquire from the Sellers named therein all of the entities and interests comprising the business of the Hostess Brands (the "Hostess Business"), on the terms and subject to the conditions set forth therein (the "Transaction"); and

WHEREAS, in connection with the Transaction, Subscriber desires to subscribe for and purchase from the Company that number of shares of the Company's Class A common stock, par value \$0.0001 per share (the "Class A Common Stock") set forth on the signature page hereto (the "Acquired Shares"), for a purchase price of \$9.18032787 per share, or the aggregate amount set forth on the signature page hereto (the "Purchase Price"), and the Company desires to issue and sell to Subscriber the Acquired Shares in consideration of the payment of the Purchase Price by or on behalf of Subscriber to the Company on or prior to the Closing (as defined below);

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants, and subject to the conditions, herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Subscription. Subject to the terms and conditions hereof, Subscriber hereby agrees to subscribe for and purchase, and the Company hereby agrees to issue and sell to Subscriber, upon the payment of the Purchase Price, the Acquired Shares (such subscription and issuance, the "Subscription").

2. Closing.

a. The closing of the Subscription contemplated hereby (the "Closing") is contingent upon the substantially concurrent consummation of the Transaction. The Closing shall occur on the closing date of the Transaction. Upon not less than five (5) business days' written notice from (or on behalf of) the Company to Subscriber (the "Closing Notice") that the Company reasonably expects all conditions to the closing of the Transaction to be satisfied on a date that is not less than five (5) business days from the date of the Closing Notice, Subscriber shall deliver to the Company on the closing date specified in the Closing Notice (the "Closing Date") the Purchase Price for the Acquired Shares by wire transfer of United States dollars in immediately available funds to the account specified by the Company in the Closing Notice against delivery by the Company to Subscriber of the Acquired Shares in book entry form.

b. The Closing shall be subject to the conditions that, on the Closing Date:

(i) no suspension of the qualification of the Acquired Shares for offering or sale or trading in any jurisdiction, or initiation or threatening of any proceedings for any of such purposes, shall have occurred;

(ii) all representations and warranties of the Company and Subscriber contained in this Subscription Agreement shall be true and correct in all material respects as of the Closing Date, and consummation of the Closing shall constitute a reaffirmation by each of the Company and Subscriber of each of the representations, warranties and agreements of each such party contained in this Subscription Agreement as of the Closing Date;

(iii) no governmental authority shall have enacted, issued, promulgated, enforced or entered any judgment, order, rule or regulation (whether temporary, preliminary or permanent) which is then in effect and has the effect of making consummation of the transactions contemplated hereby illegal or otherwise preventing or prohibiting consummation of the transactions contemplated hereby;

(iv) all conditions precedent to the closing of the Transaction set forth in the Transaction Agreement, including the approval of the Company's shareholders, shall have been satisfied or waived; and

(v) the Transaction shall have been, or substantially concurrently with the Subscription, shall be, consummated in accordance with the terms of the Transaction Agreement, without giving effect to any modifications, amendments, waivers or consents thereto that are materially adverse to Subscriber without the approval of Subscriber (such approval not to be unreasonably withheld, conditioned or delayed) (it being understood and agreed that (a) any change to the definition of "Hostess Material Adverse Effect" contained in the Transaction Agreement and any request, consent or instruction made or granted by the Company without the approval of Subscriber (such approval not to be unreasonably withheld, conditioned or delayed) pursuant to clause (i) of the definition of "Hostess Material Adverse Effect" shall, in each case, be deemed to be materially adverse to Subscriber).

c. At the Closing, the parties hereto shall execute and deliver such additional documents and take such additional actions as the parties reasonably may deem to be practical and necessary in order to consummate the Subscription as contemplated by this Subscription Agreement.

3. Company Representations and Warranties. The Company represents and warrants that:

a. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own, lease and operate its properties and conduct its business as presently conducted and to enter into, deliver and perform its obligations under this Subscription Agreement.

b. The Acquired Shares have been duly authorized and, when issued and delivered to Subscriber against full payment therefor in accordance with the terms of this Subscription Agreement, the Acquired Shares will be validly issued, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive or similar rights created under the Company's amended and restated certificate of incorporation or under the Delaware General Corporation Law.

c. This Subscription Agreement has been duly authorized, executed and delivered by the Company and is enforceable against it in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally, and (ii) principles of equity, whether considered at law or equity.

d. The issuance and sale of the Acquired Shares and the compliance by the Company with all of the provisions of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Company or any of its subsidiaries pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, which would reasonably be expected to have a material adverse effect on the business, properties, financial condition, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect") or materially affect the validity of the Acquired Shares or the legal authority of the Company to comply in all material respects with the terms of this Subscription Agreement; (ii) result in any violation of the provisions of the organizational documents of the Company or any of its subsidiaries; or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their respective properties that would reasonably be expected to have a Material Adverse Effect or materially affect the validity of the Acquired Shares or the legal authority of the Company to comply in all material respects with this Subscription Agreement.

e. None of the other subscription agreements (the "Other Subscription Agreements") for shares of Class A Common Stock (the "Other Shares") being entered into by the Company in connection with the Transaction (or any agreements entered in connection therewith or in connection with the sale of the Other Shares) contain any provisions that are materially more favorable to the "Subscribers" (as defined therein) or any affiliate or any party related thereto than the provisions of this Subscription Agreement.

f. Immediately after giving effect to Transaction, the Subscription and the sale of the Other Shares, the authorized capital stock of the Company shall consist of (i) 200,000,000 shares of Class A Common Stock, (ii) 50,000,000 shares of the Company's Class B Common Stock, par value \$0.0001 per share (the "Class B Common Stock") (iii) 10,000,000 shares of the Company's Class F Common Stock, par value \$0.0001 per share (the "Class F Common Stock") and (iv) 1,000,000 shares of preferred stock. Immediately after giving effect to the Transaction, the Subscription and the sale of the Other Shares, the issued and outstanding shares of capital stock of the Company will consist of (A) a number of shares of Class A Common Stock equal to (I) the number of shares of Class A Common Stock issued to AP Hostess LP pursuant to the Transaction Agreement plus (II) the number of shares of Class A

Common Stock set forth in the Buyer Financing Certificate to be delivered by the Company to the Sellers' Representatives not more than two business days prior to the closing of the Transaction, plus (III) the number of shares of Buyer Class A Common Stock issued to C. Dean Metropoulos pursuant to the employment agreement of the executive chairman of the Hostess Business dated as of the date hereof (the "Executive Chairman Agreement"), (B) the number of shares of Class B Common Stock issued to Hostess CDM Co-Invest and CDM Hostess pursuant to the Transaction Agreement, (C) zero shares of Class F Common Stock, and (D) zero shares of preferred stock. Upon the Closing and the closings under the other Subscription Agreements, the Company has committed to cancel up to 4,562,500 shares of Class F Common Stock.

g. As of the date hereof, the Company has issued 56,500,000 warrants (the "Warrants"), each such Warrant entitling the holder thereof to purchase one-half of one share of Class A Common Stock on the terms and conditions set forth in the applicable warrant agreement. Immediately following the closing of the Transaction, the Company will have 56,500,000 Warrants issued and outstanding.

h. Up to 8,250,000 shares of Class A Common Stock (or Class B Common Stock, if applicable) may be issued following the closing of the Transaction in the event that the Company achieves certain revenue targets, on the terms and conditions set forth in the Transaction Agreement and the Executive Chairman Agreement.

4. Subscriber Representations and Warranties. Subscriber represents and warrants that:

a. If Subscriber is not an individual, Subscriber has been duly formed or incorporated and is validly existing in good standing under the laws of its jurisdiction of incorporation or formation, with power and authority to enter into, deliver and perform its obligations under this Subscription Agreement. If Subscriber is an individual, Subscriber has the authority to enter into, deliver and perform its obligations under this Subscription Agreement.

b. If Subscriber is not an individual, this Subscription Agreement has been duly authorized, executed and delivered by Subscriber. If Subscriber is an individual, the signature on this Subscription Agreement is genuine, and Subscriber has legal competence and capacity to execute the same. This Subscription Agreement is enforceable against Subscriber in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally, and (ii) principles of equity, whether considered at law or equity.

c. The execution, delivery and performance by Subscriber of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of Subscriber or any of its subsidiaries pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which Subscriber or any of its subsidiaries is a party or by which Subscriber or any of its subsidiaries is bound or to which any of the property or assets of Subscriber or any of its

subsidiaries is subject, which would reasonably be expected to have a material adverse effect on the business, properties, financial condition, stockholders' equity or results of operations of Subscriber and its subsidiaries, taken as a whole (a "Subscriber Material Adverse Effect") or materially affect the legal authority of Subscriber to comply in all material respects with the terms of this Subscription Agreement; (ii) if Subscriber is not an individual, result in any violation of the provisions of the organizational documents of Subscriber or any of its subsidiaries; or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over Subscriber or any of its subsidiaries or any of their respective properties that would reasonably be expected to have a Subscriber Material Adverse Effect or materially affect the legal authority of Subscriber to comply in all material respects with this Subscription Agreement.

d. Subscriber (i) is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) or an "accredited investor" (within the meaning of Rule 501(a) under the Securities Act) satisfying the applicable requirements set forth on Schedule A, (ii) is acquiring the Acquired Shares only for its own account and not for the account of others, or if Subscriber is subscribing for the Acquired Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a qualified institutional buyer and Subscriber has full investment discretion with respect to each such account, and the full power and authority to make the acknowledgements, representations and agreements herein on behalf of each owner of each such account, and (iii) is not acquiring the Acquired Shares with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act (and shall provide the requested information on Schedule A following the signature page hereto). Subscriber is not an entity formed for the specific purpose of acquiring the Acquired Shares.

e. Subscriber understands that the Acquired Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act and that the Acquired Shares have not been registered under the Securities Act. Subscriber understands that the Acquired Shares may not be resold, transferred, pledged or otherwise disposed of by Subscriber absent an effective registration statement under the Securities Act, except (i) to the Company or a subsidiary thereof, (ii) to non-U.S. persons pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act or (iii) pursuant to another applicable exemption from the registration requirements of the Securities Act, and that any certificates representing the Acquired Shares shall contain a legend to such effect. Subscriber acknowledges that the Acquired Shares will not be eligible for resale pursuant to Rule 144A promulgated under the Securities Act. Subscriber understands and agrees that the Acquired Shares will be subject to transfer restrictions and, as a result of these transfer restrictions, Subscriber may not be able to readily resell the Acquired Shares and may be required to bear the financial risk of an investment in the Acquired Shares for an indefinite period of time. Subscriber understands that it has been advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Acquired Shares.

f. Subscriber understands and agrees that Subscriber is purchasing the Acquired Shares directly from the Company. Subscriber further acknowledges that there have been no representations, warranties, covenants and agreements made to Subscriber by the Company or any of its officers or directors, expressly or by implication, other than those representations, warranties, covenants and agreements included in this Subscription Agreement.

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g. Subscriber represents and warrants that its acquisition and holding of the Acquired Shares will not constitute or result in a non-exempt prohibited transaction under Section 406 of the Employee Retirement Income Security Act of 1974, as amended, Section 4975 of the Internal Revenue Code of 1986, as amended, or any applicable similar law.

h. In making its decision to purchase the Acquired Shares, Subscriber represents that it has relied solely upon independent investigation made by Subscriber. Subscriber acknowledges and agrees that Subscriber has received such information as Subscriber deems necessary in order to make an investment decision with respect to the Acquired Shares, including with respect to the Company, the Seller, the Hostess Business and the Transaction. Subscriber represents and agrees that Subscriber and Subscriber's professional advisor(s), if any, have had the full opportunity to ask such questions, receive such answers and obtain such information as Subscriber and such undersigned's professional advisor(s), if any, have deemed necessary to make an investment decision with respect to the Acquired Shares.

i. Subscriber became aware of this offering of the Acquired Shares solely by means of direct contact between Subscriber and the Company, and the Acquired Shares were offered to Subscriber solely by direct contact between Subscriber and the Company. Subscriber did not become aware of this offering of the Acquired Shares, nor were the Acquired Shares offered to Subscriber, by any other means. Subscriber acknowledges that the Company represents and warrants that the Acquired Shares (i) were not offered by any form of general solicitation or general advertising and (ii) are not being offered in a manner involving a public offering under, or in a distribution in violation of, the Securities Act, or any state securities laws.

j. Subscriber acknowledges that it is aware that there are substantial risks incident to the purchase and ownership of the Acquired Shares. Subscriber has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Acquired Shares, and Subscriber has sought such accounting, legal and tax advice as Subscriber has considered necessary to make an informed investment decision.

k. Alone, or together with any professional advisor(s), Subscriber represents and acknowledges that Subscriber has adequately analyzed and fully considered the risks of an investment in the Acquired Shares and determined that the Acquired Shares are a suitable investment for Subscriber and that Subscriber is able at this time and in the foreseeable future to bear the economic risk of a total loss of Subscriber's investment in the Company. Subscriber acknowledges specifically that a possibility of total loss exists.

l. Subscriber understands and agrees that no federal or state agency has passed upon or endorsed the merits of the offering of the Acquired Shares or made any findings or determination as to the fairness of this investment.

m. Subscriber represents and warrants that Subscriber is not (i) a person or entity named on the List of Specially Designated Nationals and Blocked Persons administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") or in any Executive

Order issued by the President of the United States and administered by OFAC (“OFAC List”), or a person or entity prohibited by any OFAC sanctions program, (ii) a Designated National as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, or (iii) a non-U.S. shell bank or providing banking services indirectly to a non-U.S. shell bank (collectively, a “Prohibited Investor”). Subscriber agrees to provide law enforcement agencies, if requested thereby, such records as required by applicable law, provided that Subscriber is permitted to do so under applicable law. Subscriber represents that if it is a financial institution subject to the Bank Secrecy Act (31 U.S.C. Section 5311 et seq.) (the “BSA”), as amended by the USA PATRIOT Act of 2001 (the “PATRIOT Act”), and its implementing regulations (collectively, the “BSA/PATRIOT Act”), that Subscriber maintains policies and procedures reasonably designed to comply with applicable obligations under the BSA/PATRIOT Act. Subscriber also represents that, to the extent required, it maintains policies and procedures reasonably designed for the screening of its investors against the OFAC sanctions programs, including the OFAC List. Subscriber further represents and warrants that, to the extent required, it maintains policies and procedures reasonably designed to ensure that the funds held by Subscriber and used to purchase the Acquired Shares were legally derived.

#### 5. Registration Rights.

a. The Company agrees that, within thirty (30) calendar days after the consummation of the Transaction (the “Filing Deadline”), the Company will file a registration statement to register under and in accordance with the provisions of the Securities Act, the offer, sale and distribution of all Registrable Securities on Form S-3 (which shall be filed pursuant to Rule 415 under the Securities Act as a secondary-only registration statement), if the Company is then eligible for such short-form, or any similar or successor short-form registration or, if the Company is not then eligible for such short form registration, on Form S-1 or any similar or successor long-form registration (the “Registration Statement”). The Company shall use commercially reasonable efforts to have the Registration Statement declared effective by the SEC within sixty (60) of the Filing Deadline (the “Effectiveness Deadline”); provided, that the Effectiveness Deadline shall be extended to ninety (90) days after the Filing Deadline if the Registration Statement is reviewed by, and receives comments from, the SEC. The Company will use its commercially reasonable efforts to maintain the continuous effectiveness of the Registration Statement until all such securities cease to be Registrable Securities (as defined below) or such shorter period upon which all Subscribers with Registrable Securities included in such Registration Statement have notified the Company that such Registrable Securities have actually been sold. The Company will use commercially reasonable efforts to file all reports, and provide all customary and reasonable cooperation, necessary to enable the Subscriber to resell Registrable Securities pursuant to the Registration Statement or Rule 144, as applicable, qualify the Registrable Securities for listing on the applicable stock exchange, update or amend the Registration Statement as necessary to include Registrable Securities and provide customary notice to holders of Registrable Securities, including with respect to the effectiveness thereof or in the event the Registration Statement must be supplemented or amended.

b. Without limiting, and in addition to, the foregoing, the Company agrees to provide and cause its representatives to provide any Subscriber who subscribes for and/or holds as of the date hereof 10,000,000 or more shares of Class A Common Stock hereunder (an “Eligible Subscriber”) with reasonable assistance and cooperation in conducting one or more

underwritten offerings, whether or not marketed, pursuant to the Registration Statement (the “Underwritten Rights”). In furtherance of the Underwritten Rights, the Company and each Eligible Subscriber will negotiate in good faith and enter into a letter agreement (the “Letter Agreement”) as promptly as practicable following the date hereof. Pursuant to the Letter Agreement, the Company will agree to: (i) pay all registration expenses related to such underwritten offerings, including costs and expenses related to SEC filing fees, FINRA filing fees, qualification and listing of the shares on the applicable stock exchange and reimbursement of one counsel for the Eligible Subscribers and (ii) provide the Eligible Subscribers with customary indemnification from the Company. For the purposes of this Subscription Agreement and the Letter Agreement, “Registrable Securities” shall mean, as of any date of determination, any shares of the Class A Common Stock held by a Subscriber, including shares issuable in connection with derivatives, in either case, whether now owned or hereinafter acquired, and any other securities issued or issuable with respect to any such shares of Class A Common Stock by way of share split, share dividend, distribution, recapitalization, merger, exchange, replacement or similar event or otherwise. As to any particular Registrable Securities, once issued, such securities shall cease to be Registrable Securities (A) when they are sold, transferred, disposed or exchanged pursuant to an effective Registration Statement under the Securities Act, (B) the earlier of (1) five (5) years and (2) such time that such holder has disposed of (or, if Rule 144(i) is no longer applicable to the Company or 144(i)(ii)(2) is amended to remove the reporting requirement preceding a disposition of securities, such time that such holder is able to dispose of) all of its, his or her Registrable Securities pursuant to Rule 144 without any volume limitations thereunder, (C) when they shall have ceased to be outstanding or (D) when such securities have been sold in a private transaction in which the transferor’s rights under this Section 5 are not assigned to the transferee of such securities. Notwithstanding the foregoing, the Company’s obligations to include Registrable Securities in a Registration Statement are contingent upon Subscriber furnishing in writing to the Company such information regarding Subscriber, the securities of the Company held by Subscriber and the intended method of disposition of the Registrable Securities as shall be reasonably requested by the Company to effect the registration of the Registrable Securities, and shall execute such documents in connection with such registration as the Company may reasonably request that are customary of a selling stockholder in similar situations. The Underwritten Rights, including rights under the Letter Agreement, will be assignable by Eligible Subscribers in whole or in part to each Eligible Subscriber’s permitted assignees under this Subscription Agreement.

6. Termination. This Subscription Agreement shall terminate and be void and of no further force and effect, and all rights and obligations of the parties hereunder shall terminate without any further liability on the part of any party in respect thereof, upon the earlier to occur of (a) such date and time as the Transaction Agreement is terminated in accordance with its terms, (b) upon the mutual written agreement of each of the parties hereto to terminate this Subscription Agreement or (c) if any of the conditions to Closing set forth in Section 2 of this Subscription Agreement are not satisfied on or prior to the Closing and, as a result thereof, the transactions contemplated by this Subscription Agreement are not consummated at the Closing; *provided*, that nothing herein will relieve any party from liability for any willful breach hereof prior to the time of termination, and each party will be entitled to any remedies at law or in equity to recover losses, liabilities or damages arising from such breach. The Company shall promptly notify Subscriber of the termination of the Transaction Agreement promptly after the termination of such agreement.



7. Trust Account Waiver. Subscriber acknowledges that the Company is a blank check company with the powers and privileges to effect a merger, asset acquisition, reorganization or similar business combination involving the Company and one or more businesses or assets. Subscriber further acknowledges that, as described in the Company's prospectus relating to its initial public offering dated August 13, 2015 (the "Prospectus") available at www.sec.gov, substantially all of the Company's assets consist of the cash proceeds of the Company's initial public offering and private placements of its securities, and substantially all of those proceeds have been deposited in a trust account (the "Trust Account") for the benefit of the Company, its public shareholders and the underwriters of the Company's initial public offering. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its tax obligations, if any, the cash in the Trust Account may be disbursed only for the purposes set forth in the Prospectus. For and in consideration of the Company entering into this Subscription Agreement, the receipt and sufficiency of which are hereby acknowledged, Subscriber, on behalf of itself and its Representatives, hereby irrevocable waives any and all right, title and interest, or any claim of any kind they have or may have in the future, in or to any monies held in the Trust Account, and agrees not to seek recourse against the Trust Account as a result of, or arising out of, this Subscription Agreement.

8. Miscellaneous.

a. Subscriber acknowledges that the Company and others will rely on the acknowledgments, understandings, agreements, representations and warranties contained in this Subscription Agreement. Prior to the Closing, Subscriber agrees to promptly notify the Company if any of the acknowledgments, understandings, agreements, representations and warranties set forth herein are no longer accurate in all material respects.

b. The Company is entitled to rely upon this Subscription Agreement and is irrevocably authorized to produce this Subscription Agreement or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

c. This Subscription Agreement and all of Subscriber's rights and obligations hereunder (including Subscriber's obligation to purchase the Acquired Shares) may be transferred or assigned, at any time and from time to time, to one or more persons in related or unrelated transactions (each such person, a "Transferee"); provided that Subscriber, together with any controlled affiliates or employees of The Gores Group LLC or Platinum Equity LLC or their respective controlled affiliates party (or any other person so designated by the Subscriber) to any Other Subscription Agreement, shall retain a hold level of \$50,000,000, in the aggregate, that may not be so transferred or assigned hereunder or under any such Other Subscription Agreement to any party other than to any other controlled affiliate or employee of The Gores Group LLC or Platinum Equity LLC or their respective controlled affiliates. Upon any such assignment:

(i) the applicable Transferee shall enter into a subscription agreement (each such subscription agreement, a "New Subscription Agreement") with the Company to purchase that number of Subscriber's Acquired Shares specified therein (the "Transferee Acquired Shares"), which New Subscription Agreement shall be in the same form as this Subscription Agreement, except that this Section 8.c. shall be replaced with the following:

“Neither this Subscription Agreement nor any rights that may accrue to Subscriber hereunder (other than the Acquired Shares acquired hereunder, if any) may be transferred or assigned.”; and

(ii) upon a Transferee’s execution and delivery of a New Subscription Agreement, the number of Acquired Shares to be purchased by Subscriber hereunder shall be reduced by the total number of Transferee Acquired Shares to be purchased by the applicable Transferee pursuant to the applicable New Subscription Agreement, which reduction shall be reflected by Subscriber and the Company amending this Subscription Agreement to update the “Number of Acquired Shares subscribed for” and “Aggregate Purchase Price” on the signature page hereto to reflect such reduced number of Acquired Shares, and Subscriber shall be fully and unconditionally released from its obligation to purchase such Transferee Acquired Shares hereunder.

d. All the agreements, representations and warranties made by each party hereto in this Subscription Agreement shall survive the Closing.

e. The Company may request from Subscriber such additional information as the Company may deem necessary to evaluate the eligibility of Subscriber to acquire the Acquired Shares, and Subscriber shall provide such information as may be reasonably requested, to the extent readily available and to the extent consistent with its internal policies and procedures.

f. This Subscription Agreement may not be modified, waived or terminated except by an instrument in writing, signed by the party against whom enforcement of such modification, waiver, or termination is sought.

g. This Subscription Agreement constitutes the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the parties, with respect to the subject matter hereof. This Subscription Agreement shall not confer any rights or remedies upon any person other than the parties hereto, and their respective successor and assigns, and the Sellers’ Representative (as defined in the Transaction Agreement), which shall be a third-party beneficiary to this Subscription Agreement and shall be entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

h. Except as otherwise provided herein, this Subscription Agreement shall be binding upon, and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives, and permitted assigns, and the agreements, representations, warranties, covenants and acknowledgments contained herein shall be deemed to be made by, and be binding upon, such heirs, executors, administrators, successors, legal representatives and permitted assigns.

i. If any provision of this Subscription Agreement shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Subscription Agreement shall not in any way be affected or impaired thereby and shall continue in full force and effect.

j. This Subscription Agreement may be executed in one or more counterparts (including by facsimile or electronic mail or in .pdf) and by different parties in separate counterparts, with the same effect as if all parties hereto had signed the same document. All counterparts so executed and delivered shall be construed together and shall constitute one and the same agreement.

k. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Subscription Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Subscription Agreement and to enforce specifically the terms and provisions of this Subscription Agreement, this being in addition to any other remedy to which such party is entitled at law, in equity, in contract, in tort or otherwise.

**l. THIS SUBSCRIPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER STATE. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY LITIGATION PURSUANT TO THIS SUBSCRIPTION AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY.**

**IN WITNESS WHEREOF**, each of the Company and Subscriber has executed or caused this Subscription Agreement to be executed by its duly authorized representative as of the date set forth below.

GORES HOLDINGS, INC.

By: /s/ Mark Stone

Name: Mark Stone

Title: Chief Executive Officer

Date: July 5th, 2016

SUBSCRIBER: **GORES SPONSOR LLC**

Signature of Subscriber:

By: AEG Holdings, LLC  
Its: Managing Member

By: /s/ Alec Gores  
Name: Alec Gores  
Title: Managing Member

By: Platinum Equity, LLC  
Its: Managing Member

By: /s/ Mary Ann Sigler  
Name: Mary Ann Sigler  
Title: CFO

Name of Subscriber:

Gores Sponsor LLC  
(Please print. Please indicate name and capacity of person signing above)

Name in which shares are to be registered (if different):

Email Address: cpollard@gores.com

If there are joint investors, please check one:

- Joint Tenants with Rights of Survivorship
- Tenants-in-Common
- Community Property

Subscriber's EIN:

Business Address-Street:

c/o Gores Holdings, Inc.  
9800 Wilshire Blvd.

Beverly Hills, CA 90212

Signature of Joint Subscriber, if applicable:

By: \_\_\_\_\_  
Name:  
Title:

Name of Joint Subscriber, if applicable:

\_\_\_\_\_  
(Please Print. Please indicate name and capacity of person signing above)

Date: July 5th, 2016

Joint Subscriber's EIN: \_\_\_\_\_

Mailing Address-Street (if different):

\_\_\_\_\_  
\_\_\_\_\_

---

City, State, Zip:

Attn:

Telephone No.: (310) 209-3010 \_\_\_\_\_

Facsimile No.: (310) 209-3310 \_\_\_\_\_

Number of Acquired Shares subscribed for:

17,755,358

Price Per Acquired Share: \$9.18032787

Aggregate Purchase Price: \$ 163,000,000

City, State, Zip:

Attn:

Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

You must pay the Purchase Price by wire transfer of United States dollars in immediately available funds to the account specified by the Company in the Closing Notice.

**SCHEDULE A**  
**ELIGIBILITY REPRESENTATIONS OF SUBSCRIBER**

A. QUALIFIED INSTITUTIONAL BUYER STATUS

(Please check the applicable subparagraphs):

1.  We are a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act (a “QIB”).
2.  We are subscribing for the Acquired Shares as a fiduciary or agent for one or more investor accounts, and each owner of such account is a QIB.

B. ACCREDITED INVESTOR STATUS

(Please check the applicable subparagraphs):

1.  We are an “accredited investor” (within the meaning of Rule 501(a) under the Securities Act or an entity in which all of the equity holders are accredited investors within the meaning of Rule 501(a) under the Securities Act, and have marked and initialed the appropriate box on the following page indicating the provision under which we qualify as an “accredited investor.”
2.  We are not a natural person.

C. AFFILIATE STATUS

(Please check the applicable box)

SUBSCRIBER:

is:

is not:

an “affiliate” (as defined in Rule 144 under the Securities Act) of the Company or acting on behalf of an affiliate of the Company.

***This page should be completed by Subscriber  
and constitutes a part of the Subscription Agreement.***

Schedule A-1

Rule 501(a), in relevant part, states that an “accredited investor” shall mean any person who comes within any of the below listed categories, or who the issuer reasonably believes comes within any of the below listed categories, at the time of the sale of the securities to that person. Subscriber has indicated, by marking and initialing the appropriate box below, the provision(s) below which apply to Subscriber and under which Subscriber accordingly qualifies as an “accredited investor.”

- Any bank, registered broker or dealer, insurance company, registered investment company, business development company, or small business investment company;
- Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000;
- Any employee benefit plan, within the meaning of the Employee Retirement Income Security Act of 1974, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5,000,000;
- Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- Any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase exceeds \$1,000,000. For purposes of calculating a natural person’s net worth: (a) the person’s primary residence must not be included as an asset; (b) indebtedness secured by the person’s primary residence up to the estimated fair market value of the primary residence must not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and (c) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the residence must be included as a liability;
- Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- Any trust with assets in excess of \$5,000,000, not formed to acquire the securities offered, whose purchase is directed by a sophisticated person; or
- Any entity in which all of the equity owners are accredited investors meeting one or more of the above tests.

Schedule A-2

## GORES SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT is entered into this 5th day of July, 2016, by and between Gores Holdings, Inc., a Delaware corporation (the "Company"), and Canyon Capital Advisors LLC ("Canyon") on behalf of one or more managed funds or accounts (each such managed fund or account a "Subscriber" and collectively the "Subscribers"). Defined terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Transaction Agreement (as defined below).

WHEREAS, the Company concurrently herewith is entering into that certain Master Transaction Agreement, dated as of the date hereof (the "Transaction Agreement"), pursuant to which the Company will acquire from the Sellers named therein all of the entities and interests comprising the business of the Hostess Brands (the "Hostess Business"), on the terms and subject to the conditions set forth therein (the "Transaction"); and

WHEREAS, in connection with the Transaction, Canyon shall cause the Subscribers to subscribe for and purchase from the Company in the aggregate that number of shares of the Company's Class A common stock, par value \$0.0001 per share (the "Class A Common Stock"), set forth on the signature page hereto (the "Acquired Shares"), for a purchase price of \$9.18032787 per share, or the aggregate amount set forth on the signature page hereto (the "Purchase Price"), and the Company desires to issue and sell to the Subscribers the Acquired Shares in consideration of the payment of the Purchase Price by or on behalf of the Subscribers to the Company on or prior to the Closing (as defined below);

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants, and subject to the conditions, herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Subscription. Subject to the terms and conditions hereof, Canyon hereby agrees to cause each Subscriber to subscribe for and purchase, and the Company hereby agrees to issue and sell to each Subscriber, upon the payment of the Purchase Price, the Acquired Shares (such subscription and issuance, the "Subscription") in accordance with the Allocation Notice (as defined below).

2. Closing.

a. The closing of the Subscription contemplated hereby (the "Closing") is contingent upon the substantially concurrent consummation of the Transaction. The Closing shall occur on the closing date of the Transaction. Upon not less than five (5) business days' written notice from (or on behalf of) the Company to Canyon (the "Closing Notice") that the Company reasonably expects all conditions to the closing of the Transaction to be satisfied on a date that is not less than five (5) business days from the date of the Closing Notice, Canyon (a) shall deliver to the Company not later than two (2) business days following the date of the Closing Notice a schedule identifying each Subscriber and the number of Acquired Shares to be acquired by each Subscriber (the "Allocation Notice") and shall provide the requested information on Schedules A and B hereto with respect to each Subscriber, and (b) shall cause each Subscriber to deliver, on the closing date specified in the Closing Notice (the "Closing



Date”), the Purchase Price for the Acquired Shares to be purchased by such Subscriber by wire transfer of United States dollars in immediately available funds to the account specified by the Company in the Closing Notice against delivery by the Company to such Subscriber of the Acquired Shares allocated to such Subscriber in the Allocation Notice in book entry form.

b. The Closing shall be subject to the conditions that, on the Closing Date:

(i) no suspension of the qualification of the Acquired Shares for offering or sale or trading in any jurisdiction, or initiation or threatening of any proceedings for any of such purposes, shall have occurred;

(ii) all representations and warranties of the Company and Canyon contained in this Subscription Agreement shall be true and correct in all material respects as of the Closing Date, and consummation of the Closing shall constitute a reaffirmation by each of the Company and Canyon of each of the representations, warranties and agreements of each such party contained in this Subscription Agreement as of the Closing Date;

(iii) no governmental authority shall have enacted, issued, promulgated, enforced or entered any judgment, order, rule or regulation (whether temporary, preliminary or permanent) which is then in effect and has the effect of making consummation of the transactions contemplated hereby illegal or otherwise preventing or prohibiting consummation of the transactions contemplated hereby;

(iv) all conditions precedent to the closing of the Transaction set forth in the Transaction Agreement, including the approval of the Company’s shareholders, shall have been satisfied or waived; and

(v) the Transaction shall have been, or substantially concurrently with the Subscription, shall be, consummated in accordance with the terms of the Transaction Agreement, without giving effect to any modifications, amendments, waivers or consents thereto that are materially adverse to Canyon or the Subscribers without the approval of Canyon (such approval not to be unreasonably withheld, conditioned or delayed) (it being understood and agreed that (a) any change to the definition of “Hostess Material Adverse Effect” contained in the Transaction Agreement and any request, consent or instruction made or granted by the Company without the approval of Canyon (such approval not to be unreasonably withheld, conditioned or delayed) pursuant to clause (i) of the definition of “Hostess Material Adverse Effect” shall, in each case, be deemed to be materially adverse to the Subscribers).

c. At the Closing, the parties hereto shall execute and deliver such additional documents and take such additional actions as the parties reasonably may deem to be practical and necessary in order to consummate the Subscription as contemplated by this Agreement.

3. Company Representations and Warranties. The Company represents and warrants that:

a. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own, lease and operate its properties and conduct its business as presently conducted and to enter into, deliver and perform its obligations under this Subscription Agreement.

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b. The Acquired Shares have been duly authorized and, when issued and delivered to each Subscriber against full payment therefor in accordance with the terms of this Subscription Agreement, the Acquired Shares will be validly issued, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive or similar rights created under the Company's amended and restated certificate of incorporation or under the Delaware General Corporation Law.

c. This Subscription Agreement has been duly authorized, executed and delivered by the Company and is enforceable against it in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally, and (ii) principles of equity, whether considered at law or equity.

d. The issuance and sale of the Acquired Shares and the compliance by the Company with all of the provisions of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Company or any of its subsidiaries pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, which would reasonably be expected to have a material adverse effect on the business, properties, financial condition, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect") or materially affect the validity of the Acquired Shares or the legal authority of the Company to comply in all material respects with the terms of this Subscription Agreement; (ii) result in any violation of the provisions of the organizational documents of the Company or any of its subsidiaries; or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their respective properties that would reasonably be expected to have a Material Adverse Effect or materially affect the validity of the Acquired Shares or the legal authority of the Company to comply in all material respects with this Subscription Agreement.

e. None of the other subscription agreements (the "Other Subscription Agreements") for shares of Class A Common Stock (the "Other Shares") being entered into by the Company in connection with the Transaction (or any agreements entered in connection therewith or in connection with the sale of the Other Shares) contain any provisions that are materially more favorable to the "Subscribers" (as defined therein) or any affiliate or any party related thereto than the provisions of this Subscription Agreement, except that the Other Subscriptions Agreements being entered into by Gores Sponsor LLC permits the transfer of such other subscriber's rights and obligations thereunder.

f. Immediately after giving effect to Transaction, the Subscription and the sale of the Other Shares, the authorized capital stock of the Company shall consist of (i) 200,000,000 shares of Class A Common Stock, (ii) 50,000,000 shares of the Company's Class B Common Stock, par value \$0.0001 per share (the "Class B Common Stock") (iii) 10,000,000 shares of the Company's Class F Common Stock, par value \$0.0001 per share (the "Class F Common Stock") and (iv) 1,000,000 shares of preferred stock. Immediately after giving effect to the Transaction, the Subscription and the sale of the Other Shares, the issued and outstanding shares of capital stock of the Company will consist of (A) a number of shares of Class A Common Stock equal to (I) the number of shares of Class A Common Stock issued to AP Hostess LP pursuant to the Transaction Agreement plus (II) the number of shares of Class A Common Stock set forth in the Buyer Financing Certificate to be delivered by the Company to the Sellers' Representatives not more than two business days prior to the closing of the Transaction, plus (III) the number of shares of Buyer Class A Common Stock issued to C. Dean Metropoulos pursuant to the employment agreement of the executive chairman of the Hostess Business dated as of the date hereof (the "Executive Chairman Agreement"), (B) the number of shares of Class B Common Stock issued to Hostess CDM Co-Invest and CDM Hostess pursuant to the Transaction Agreement, (C) zero shares of Class F Common Stock, and (D) zero shares of preferred stock. Upon the Closing and the closings under the other Subscription Agreements, the Company has committed to cancel up to 4,562,500 shares of Class F Common Stock.

g. As of the date hereof, the Company has issued 56,500,000 warrants (the "Warrants"), each such Warrant entitling the holder thereof to purchase one-half of one share of Class A Common Stock on the terms and conditions set forth in the applicable warrant agreement. Immediately following the closing of the Transaction, the Company will have 56,500,000 Warrants issued and outstanding.

h. Up to 8,250,000 shares of Class A Common Stock (or Class B Common Stock, if applicable) may be issued following the closing of the Transaction in the event that the Company achieves certain revenue targets, on the terms and conditions set forth in the Transaction Agreement and the Executive Chairman Agreement.

4. Canyon Representations and Warranties. Canyon represents and warrants that:

a. Canyon and each Subscriber has been duly formed or incorporated and is validly existing in good standing under the laws of its jurisdiction of incorporation or formation, and Canyon has the power and authority to enter into, deliver and perform its obligations under this Subscription Agreement.

b. This Subscription Agreement has been duly authorized, executed and delivered by Canyon. This Subscription Agreement is enforceable against Canyon in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally, and (ii) principles of equity, whether considered at law or equity.

c. The execution, delivery and performance by Canyon of this Subscription Agreement and the consummation of the transactions contemplated herein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of Canyon or any Subscriber or any of their respective subsidiaries pursuant to the terms of (i) any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which Canyon or any Subscriber or any of their respective subsidiaries is a party or by which Canyon or any Subscriber or any of their respective subsidiaries is bound or to which any of the property or assets of Canyon or any Subscriber or any of their subsidiaries is subject, which would reasonably be expected to have a material adverse effect on the business, properties, financial condition, stockholders' equity or results of operations of Canyon or any Subscriber and their respective subsidiaries, taken as a whole (a "Canyon Material Adverse Effect") or materially affect the legal authority of Canyon or any Subscriber to comply in all material respects with the terms of this Subscription Agreement; (ii) result in any violation of the provisions of the organizational documents of Canyon or any Subscriber or any of their respective subsidiaries; or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over Canyon or any Subscriber or any of their subsidiaries or any of their respective properties that would reasonably be expected to have a Canyon Material Adverse Effect or materially affect the legal authority of Canyon or any Subscriber to comply in all material respects with this Subscription Agreement.

d. Canyon and each Subscriber (i) is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) or an institutional "accredited investor" (within the meaning of Rule 501(a) under the Securities Act) satisfying the applicable requirements set forth on Schedule A, (ii) Canyon has full investment discretion with respect to each Subscriber, and the full power and authority to make the acknowledgements, representations and agreements herein on behalf of each Subscriber, and (iii) is not acquiring the Acquired Shares with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act. Neither Canyon nor any Subscriber is an entity formed for the specific purpose of acquiring the Acquired Shares.

e. Canyon understands that the Acquired Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act and that the Acquired Shares have not been registered under the Securities Act. Canyon understands that the Acquired Shares may not be resold, transferred, pledged or otherwise disposed of by any Subscriber absent an effective registration statement under the Securities Act, except (i) to the Company or a subsidiary thereof, (ii) to non-U.S. persons pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act or (iii) pursuant to another applicable exemption from the registration requirements of the Securities Act, and that any certificates representing the Acquired Shares shall contain a legend to such effect. Canyon acknowledges that the Acquired Shares will not be eligible for resale pursuant to Rule 144A promulgated under the Securities Act. Canyon understands and agrees that the Acquired Shares will be subject to transfer restrictions and, as a result of these transfer restrictions, each Subscriber may not be able to readily resell the Acquired Shares and may be required to bear the financial risk of an investment in the Acquired Shares for an indefinite period of time. Canyon understands that it has been advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Acquired Shares.

f. Canyon understands and agrees that each Subscriber is purchasing the Acquired Shares directly from the Company. Canyon further acknowledges that there have been no representations, warranties, covenants and agreements made to Canyon or any Subscriber by the Company or any of its officers or directors, expressly or by implication, other than those representations, warranties, covenants and agreements included in this Subscription Agreement.

g. Canyon represents and warrants that its acquisition and holding of the Acquired Shares will not constitute or result in a non-exempt prohibited transaction under Section 406 of the Employee Retirement Income Security Act of 1974, as amended, Section 4975 of the Internal Revenue Code of 1986, as amended, or any applicable similar law.

h. In making its decision for each Subscriber to purchase the Acquired Shares, Canyon represents that it has relied solely upon independent investigation made by Canyon. Canyon acknowledges and agrees that Canyon has received such information as Canyon deems necessary in order to make an investment decision with respect to the Acquired Shares, including with respect to the Company, the Seller, the Hostess Business and the Transaction. Canyon represents and agrees that Canyon and Canyon's professional advisor(s), if any, have had the full opportunity to ask such questions, receive such answers and obtain such information as Canyon and such undersigned's professional advisor(s), if any, have deemed necessary to make an investment decision with respect to the Acquired Shares.

i. Canyon became aware of this offering of the Acquired Shares solely by means of direct contact between Canyon and the Company, and the Acquired Shares were offered to Canyon solely by direct contact between Canyon and the Company. Canyon did not become aware of this offering of the Acquired Shares, nor were the Acquired Shares offered to Canyon, by any other means. Canyon acknowledges that the Company represents and warrants that the Acquired Shares (i) were not offered by any form of general solicitation or general advertising and (ii) are not being offered in a manner involving a public offering under, or in a distribution in violation of, the Securities Act, or any state securities laws.

j. Canyon acknowledges that it is aware that there are substantial risks incident to the purchase and ownership of the Acquired Shares. Canyon has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Acquired Shares, and Canyon has sought such accounting, legal and tax advice as Canyon has considered necessary to make an informed investment decision.

k. Alone, or together with any professional advisor(s), Canyon represents and acknowledges that Canyon has adequately analyzed and fully considered the risks of an investment in the Acquired Shares and determined that the Acquired Shares are a suitable investment for each Subscriber and that each Subscriber is able at this time and in the foreseeable future to bear the economic risk of a total loss of each Subscriber's investment in the Company. Canyon acknowledges specifically that a possibility of total loss exists.

l. Canyon understands and agrees that no federal or state agency has passed upon or endorsed the merits of the offering of the Acquired Shares or made any findings or determination as to the fairness of this investment.

m. Canyon represents and warrants that neither it nor any Subscriber is (i) a person or entity named on the List of Specially Designated Nationals and Blocked Persons administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") or in any Executive Order issued by the President of the United States and administered by OFAC ("OFAC List"), or a person or entity prohibited by any OFAC sanctions program, (ii) a Designated National as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, or (iii) a non-U.S. shell bank or providing banking services indirectly to a non-U.S. shell bank (collectively, a "Prohibited Investor"). Canyon agrees to provide law enforcement agencies, if requested thereby, such records of it or any Subscriber as required by applicable law, provided that it or such Subscriber, as applicable, is permitted to do so under applicable law. Canyon represents that if it or any Subscriber is a financial institution subject to the Bank Secrecy Act (31 U.S.C. Section 5311 et seq.) (the "BSA"), as amended by the USA PATRIOT Act of 2001 (the "PATRIOT Act"), and its implementing regulations (collectively, the "BSA/PATRIOT Act"), that Canyon or such Subscriber, as applicable, maintains policies and procedures reasonably designed to comply with applicable obligations under the BSA/PATRIOT Act. Canyon also represents that, to the extent required, it and each Subscriber maintains policies and procedures reasonably designed for the screening of its investors against the OFAC sanctions programs, including the OFAC List. Canyon further represents and warrants that, to the extent required, it and each Subscriber maintains policies and procedures reasonably designed to ensure that the funds held by Canyon and each Subscriber and used to purchase the Acquired Shares were legally derived.

#### 5. Registration Rights.

a. The Company agrees that, within thirty (30) calendar days after the consummation of the Transaction (the "Filing Deadline"), the Company will file a registration statement to register under and in accordance with the provisions of the Securities Act, the offer, sale and distribution of all Registrable Securities on Form S-3 (which shall be filed pursuant to Rule 415 under the Securities Act as a secondary-only registration statement), if the Company is then eligible for such short-form, or any similar or successor short-form registration or, if the Company is not then eligible for such short form registration, on Form S-1 or any similar or successor long-form registration (the "Registration Statement"). The Company shall use commercially reasonable efforts to have the Registration Statement declared effective by the SEC within sixty (60) of the Filing Deadline (the "Effectiveness Deadline"); provided, that the Effectiveness Deadline shall be extended to ninety (90) days after the Filing Deadline if the Registration Statement is reviewed by, and receives comments from, the SEC. The Company will use its commercially reasonable efforts to maintain the continuous effectiveness of the Registration Statement until all such securities cease to be Registrable Securities (as defined below) or such shorter period upon which all Subscribers with Registrable Securities included in such Registration Statement have notified the Company that such Registrable Securities have actually been sold. The Company will use commercially reasonable efforts to file all reports, and provide all customary and reasonable cooperation, necessary to enable the Subscriber to resell Registrable Securities pursuant to the Registration Statement or Rule 144, as applicable, qualify the Registrable Securities for listing on the applicable stock exchange, update or amend the Registration Statement as necessary to include Registrable Securities and provide customary notice to holders of Registrable Securities, including with respect to the effectiveness thereof or in the event the Registration Statement must be supplemented or amended.

b. Without limiting, and in addition to, the foregoing, the Company agrees to provide and cause its representatives to provide any Subscriber who subscribes for and/or holds as of the date hereof 10,000,000 or more shares of Class A Common Stock hereunder (an "Eligible Subscriber") with reasonable assistance and cooperation in conducting one or more underwritten offerings, whether or not marketed, pursuant to the Registration Statement (the "Underwritten Rights"). In furtherance of the Underwritten Rights, the Company and each Eligible Subscriber will negotiate in good faith and enter into a letter agreement (the "Letter Agreement") as promptly as practicable following the date hereof. Pursuant to the Letter Agreement, the Company will agree to: (i) pay all registration expenses related to such underwritten offerings, including costs and expenses related to SEC filing fees, FINRA filing fees, qualification and listing of the shares on the applicable stock exchange and reimbursement of one counsel for the Eligible Subscribers and (ii) provide the Eligible Subscribers with customary indemnification from the Company. For the purposes of this Subscription Agreement and the Letter Agreement, "Registrable Securities" shall mean, as of any date of determination, any shares of the Class A Common Stock held by a Subscriber, including shares issuable in connection with derivatives, in either case, whether now owned or hereinafter acquired, and any other securities issued or issuable with respect to any such shares of Class A Common Stock by way of share split, share dividend, distribution, recapitalization, merger, exchange, replacement or similar event or otherwise. As to any particular Registrable Securities, once issued, such securities shall cease to be Registrable Securities (A) when they are sold, transferred, disposed or exchanged pursuant to an effective Registration Statement under the Securities Act, (B) the earlier of (1) five (5) years and (2) such time that such holder has disposed of (or, if Rule 144(i) is no longer applicable to the Company or 144(i)(ii)(2) is amended to remove the reporting requirement preceding a disposition of securities, such time that such holder is able to dispose of) all of its, his or her Registrable Securities pursuant to Rule 144 without any volume limitations thereunder, (C) when they shall have ceased to be outstanding or (D) when such securities have been sold in a private transaction in which the transferor's rights under this Section 5 are not assigned to the transferee of such securities. Notwithstanding the foregoing, the Company's obligations to include Registrable Securities in a Registration Statement are contingent upon Subscriber furnishing in writing to the Company such information regarding Subscriber, the securities of the Company held by Subscriber and the intended method of disposition of the Registrable Securities as shall be reasonably requested by the Company to effect the registration of the Registrable Securities, and shall execute such documents in connection with such registration as the Company may reasonably request that are customary of a selling stockholder in similar situations. The Underwritten Rights, including rights under the Letter Agreement, will be assignable by Eligible Subscribers in whole or in part to each Eligible Subscriber's permitted assignees under this Subscription Agreement.

6. Termination. This Subscription Agreement shall terminate and be void and of no further force and effect, and all rights and obligations of the parties hereunder shall terminate without any further liability on the part of any party in respect thereof, upon the earlier to occur of (a) such date and time as the Transaction Agreement is terminated in accordance with its terms, (b) upon the mutual written agreement of each of the parties hereto to terminate this Subscription Agreement or (c) if any of the conditions to Closing set forth in Section 2 of this Subscription Agreement are not satisfied on or prior to the Closing and, as a result thereof, the transactions contemplated by this Subscription Agreement are not consummated at the Closing; *provided*, that nothing herein will relieve any party from liability for any willful breach hereof

prior to the time of termination, and each party will be entitled to any remedies at law or in equity to recover losses, liabilities or damages arising from such breach. The Company shall promptly notify Canyon of the termination of the Transaction Agreement promptly after the termination of such agreement.

7. Trust Account Waiver. Canyon acknowledges that the Company is a blank check company with the powers and privileges to effect a merger, asset acquisition, reorganization or similar business combination involving the Company and one or more businesses or assets. Canyon further acknowledges that, as described in the Company's prospectus relating to its initial public offering dated August 13, 2015 (the "Prospectus") available at [www.sec.gov](http://www.sec.gov), substantially all of the Company's assets consist of the cash proceeds of the Company's initial public offering and private placements of its securities, and substantially all of those proceeds have been deposited in a trust account (the "Trust Account") for the benefit of the Company, its public shareholders and the underwriters of the Company's initial public offering. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its tax obligations, if any, the cash in the Trust Account may be disbursed only for the purposes set forth in the Prospectus. For and in consideration of the Company entering into this Subscription Agreement, the receipt and sufficiency of which are hereby acknowledged, Canyon, on behalf of itself, each Subscriber and its and their Representatives, hereby irrevocable waives any and all right, title and interest, or any claim of any kind they have or may have in the future, in or to any monies held in the Trust Account, and agrees not to seek recourse against the Trust Account as a result of, or arising out of, this Agreement.

8. Miscellaneous.

a. If Gores Sponsor LLC ("Gores"), Platinum Equity, LLC ("Platinum"), any of their respective affiliates or any of their members or employees intends to sell, assign or transfer ("Transfer") any shares of Class A Common Stock held by them or any portion of its commitment to purchase shares of Class A Common Stock pursuant to any Other Subscription Agreement entered into by Gores for a purchase price of at least \$11.00 per share of Class A Common Stock at any time prior to or contemporaneously with the consummation of the Transaction, Gores, Platinum, any of their respective affiliates or any of their members or employees, as applicable, shall give each Subscriber at least 5 business days prior notice of the terms and conditions of such Transfer, and each Subscriber shall have the right to sell its pro rata portion (based on the aggregate number of commitments that Gores, Platinum and any other subscriber under any Other Subscription Agreement, or any agreement entered into in connection therewith or in connection with the sale of the Other Shares, elect to Transfer at such price) of such shares or commitment (either to Gores, Platinum, any of their respective affiliates or any of their members or employees, as applicable, or to the prospective purchaser) on the same terms and conditions as Gores, Platinum, any of their respective affiliates or any of their members or employees, as applicable, is selling its shares of Class A Common Stock or commitment therefor to such purchaser in such Transfer, provided that (a) any Transfer made by Gores to any members, controlled affiliates or employees of The Gores Group LLC or Platinum or their respective controlled affiliates pursuant to (i) the subscription agreement between Gores and Gores Holdings as of the date hereof, (ii) the limited liability company agreement of Gores, or (b) any Transfer from Gores to C. Dean Metropoulos pursuant to the letter agreement of the executive chairman of the Hostess Business dated on or about the date hereof, in each case, shall not qualify as a Transfer for purposes of this clause.



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b. The Company will not (i) amend or waive Section 2 of the Registration Rights and Lock-up Agreement or (ii) agree to a transfer pursuant to Section 2(c)(vi) without the consent of Canyon.

c. Canyon acknowledges that the Company and others will rely on the acknowledgments, understandings, agreements, representations and warranties contained in this Subscription Agreement. Prior to the Closing, Canyon agrees to promptly notify the Company if any of the acknowledgments, understandings, agreements, representations and warranties set forth herein are no longer accurate in all material respects.

d. The Company is entitled to rely upon this Subscription Agreement and is irrevocably authorized to produce this Subscription Agreement or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

e. Neither this Subscription Agreement nor any rights that may accrue to Canyon or any Subscriber hereunder (other than the Acquired Shares acquired hereunder, if any) may be transferred or assigned.

f. All the agreements, representations and warranties made by each party hereto in this Subscription Agreement shall survive the Closing.

g. The Company may request from Canyon such additional information as the Company may deem necessary to evaluate the eligibility of each Subscriber to acquire the Acquired Shares, and Canyon shall provide such information as may be reasonably requested, to the extent readily available and to the extent consistent with its internal policies and procedures.

h. This Subscription Agreement may not be modified, waived or terminated except by an instrument in writing, signed by the party against whom enforcement of such modification, waiver, or termination is sought.

i. This Subscription Agreement constitutes the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the parties, with respect to the subject matter hereof. This Subscription Agreement shall not confer any rights or remedies upon any person other than the parties hereto, and their respective successor and assigns, and the Sellers' Representative, which shall be a third-party beneficiary to this Subscription Agreement and shall be entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

j. Except as otherwise provided herein, this Subscription Agreement shall be binding upon, and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives, and permitted assigns, and the agreements, representations, warranties, covenants and acknowledgments contained herein shall be deemed to be made by, and be binding upon, such heirs, executors, administrators, successors, legal representatives and permitted assigns.

k. If any provision of this Subscription Agreement shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby and shall continue in full force and effect.

l. This Subscription Agreement may be executed in one or more counterparts (including by facsimile or electronic mail or in .pdf) and by different parties in separate counterparts, with the same effect as if all parties hereto had signed the same document. All counterparts so executed and delivered shall be construed together and shall constitute one and the same agreement.

m. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Subscription Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Subscription Agreement and to enforce specifically the terms and provisions of this Subscription Agreement, this being in addition to any other remedy to which such party is entitled at law, in equity, in contract, in tort or otherwise.

**n. THIS SUBSCRIPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER STATE. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY LITIGATION PURSUANT TO THIS SUBSCRIPTION AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY.**

**IN WITNESS WHEREOF**, each of the Company and Canyon has executed or caused this Subscription Agreement to be executed by its duly authorized representative as of the date set forth below.

GORES HOLDINGS, INC.

By: /s/ Mark Stone

Name: Mark Stone

Title: Chief Executive Officer

Date: July 5th, 2016

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CANYON CAPITAL ADVISORS LLC,  
On behalf of one or more managed funds or accounts:

By: /s/ Jonathan M. Kaplan

Name: Jonathan M. Kaplan

Title: Authorized Signatory

Date: July 5, 2016

Canyon's EIN:

Business Address-Street:

2000 Avenue of the Stars, Fl. 11

Los Angeles, CA 90067

City, State, Zip:

Attn:

Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Number of Acquired Shares subscribed for:

4,357,143

Price Per Acquired Share: \$9.18032787

Aggregate Purchase Price: \$40,000,000

You must cause the Subscribers to pay the Purchase Price by wire transfer of United States dollars in immediately available funds to the account specified by the Company in the Closing Notice.

**SCHEDULE A**  
**ELIGIBILITY REPRESENTATIONS OF CANYON**

A. QUALIFIED INSTITUTIONAL BUYER STATUS

(Please check the applicable subparagraphs):

1.  We are a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act (a “QIB”).
2.  We are subscribing for the Acquired Shares as a fiduciary or agent for one or more investor accounts, and each owner of such account is a QIB.

B. INSTITUTIONAL ACCREDITED INVESTOR STATUS

(Please check the applicable subparagraphs):

1.  We are an “accredited investor” (within the meaning of Rule 501(a) under the Securities Act or an entity in which all of the equity holders are accredited investors within the meaning of Rule 501(a) under the Securities Act, and have marked and initialed the appropriate box on the following page indicating the provision under which we qualify as an “accredited investor.”
2.  We are not a natural person.

C. AFFILIATE STATUS

(Please check the applicable box)

SUBSCRIBER:

- is:
- is not:

an “affiliate” (as defined in Rule 144 under the Securities Act) of the Company or acting on behalf of an affiliate of the Company.

***This page should be completed by Subscriber  
and constitutes a part of the Subscription Agreement.***

Schedule A-1

Rule 501(a), in relevant part, states that an “accredited investor” shall mean any person who comes within any of the below listed categories, or who the issuer reasonably believes comes within any of the below listed categories, at the time of the sale of the securities to that person. Subscriber has indicated, by marking and initialing the appropriate box below, the provision(s) below which apply to Subscriber and under which Subscriber accordingly qualifies as an “accredited investor.”

- Any bank, registered broker or dealer, insurance company, registered investment company, business development company, or small business investment company;
- Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000;
- Any employee benefit plan, within the meaning of the Employee Retirement Income Security Act of 1974, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5,000,000;
- Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- Any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase exceeds \$1,000,000. For purposes of calculating a natural person’s net worth: (a) the person’s primary residence must not be included as an asset; (b) indebtedness secured by the person’s primary residence up to the estimated fair market value of the primary residence must not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and (c) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the residence must be included as a liability;
- Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- Any trust with assets in excess of \$5,000,000, not formed to acquire the securities offered, whose purchase is directed by a sophisticated person; or
- Any entity in which all of the equity owners are accredited investors meeting one or more of the above tests.

**SCHEDULE B**

**SUBSCRIBER:**

Signature of Subscriber:

By: \_\_\_\_\_

Name:

Title:

Date: July \_\_\_\_, 2016

Name of Subscriber:

\_\_\_\_\_  
(Please print. Please indicate name and capacity of person signing above)

\_\_\_\_\_  
Name in which shares are to be registered (if different):

Email Address:

If there are joint investors, please check one:

Joint Tenants with Rights of Survivorship

Tenants-in-Common

Community Property

Subscriber's EIN: \_\_\_\_\_

Business Address-Street:

\_\_\_\_\_

City, State, Zip:

Attn:

Signature of Joint Subscriber, if applicable:

By: \_\_\_\_\_

Name:

Title:

Name of Joint Subscriber, if applicable:

\_\_\_\_\_  
(Please Print. Please indicate name and capacity of person signing above)

Joint Subscriber's EIN: \_\_\_\_\_

Mailing Address-Street (if different):

\_\_\_\_\_

City, State, Zip:

Attn:

---

Telephone No.: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Number of Acquired Shares subscribed for:  
\_\_\_\_\_

Price Per Acquired Share: \$9.18032787

Aggregate Purchase Price: \$ \_\_\_\_\_

You must pay the Purchase Price by wire transfer of United States dollars in immediately available funds to the account specified by the Company in the Closing Notice.

Schedule B-2

**TAX RECEIVABLE AGREEMENT**

**by and among**

**GORES HOLDINGS, INC.,  
HOSTESS CDM CO-INVEST, LLC,  
CDM HOSTESS CLASS C, LLC,  
AP HOSTESS HOLDINGS, L.P.**

**and**

**C. DEAN METROPOULOS**

**Dated as of [●], 2016**



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This **TAX RECEIVABLE AGREEMENT** (this "Agreement"), dated as of [●], 2016 and effective upon the consummation of the Contribution and Purchase and the AP Hostess Holdings Merger (each as defined below), is hereby entered into by and among Gores Holdings, Inc., a Delaware corporation (the "Corporate Taxpayer"), Hostess CDM Co-Invest, LLC, a Delaware limited liability company ("Hostess CDM Co-Invest"), CDM Hostess Class C, LLC, a Delaware limited liability company ("CDM Hostess"), and together with Hostess CDM Co-Invest, the "CDM Entity Holders"), AP Hostess Holdings, L.P., a Delaware limited partnership ("AP Hostess LP"), C. Dean Metropoulos ("CDM"), together with the CDM Entity Holders and AP Hostess LP, the " Holders", and together with the Corporate Taxpayer, the "Parties").

## RECITALS

WHEREAS, pursuant to the Second Amended and Restated Certificate of Incorporation of the Corporate Taxpayer, dated as of [●], 2016, the Corporate Taxpayer shall be authorized to issue, among other things, (a) Class A Common Stock, par value \$0.0001 per share ("Class A Common Stock") and (b) Class B Common Stock, par value \$0.0001 per share ("Class B Common Stock");

WHEREAS, pursuant to the Fourth Amended and Restated Limited Partnership Agreement of Hostess Holdings, L.P., a Delaware limited partnership ("Hostess Holdings"), and such agreement, the "Hostess Holdings A&R LPA", the capitalization of Hostess Holdings will be revised to provide for (a) Class A limited partner partnership units (the "Class A LP Units") and (b) Class B limited partner partnership units (the "Class B LP Units" and, together with the Class A LP Units, the "LP Units");

WHEREAS, Hostess CDM Co-Invest owns all of the Class C membership interests in Hostess Holdings GP, LLC, a Delaware limited liability company ("Hostess GP"), and such interests, the "Class C GP Interests";

WHEREAS, Hostess GP is the general partner of Hostess Holdings, L.P., a Delaware limited partnership ("Hostess Holdings") and owns all of the general partner partnership interests in Hostess Holdings;

WHEREAS, pursuant to the Master Transaction Agreement, dated as of July 5, 2016, by and among the Corporate Taxpayer, Homer Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Corporate Taxpayer ("Merger Sub"), the Holders (other than CDM) and the other parties thereto (the "Master Transaction Agreement"), AP Hostess LP shall cause AP Hostess Holdings, Inc., a Delaware corporation ("AP Hostess Holdings") to, and the Corporate Taxpayer and Merger Sub shall, enter into an agreement and plan of merger pursuant to which (a) Merger Sub will merge with and into AP Hostess Holdings, and AP Hostess Holdings will be the surviving entity (the "Stage One Merger"), and in connection with the Stage One Merger, (i) AP Hostess LP will cease to own any common stock of AP Hostess Holdings, (ii) AP Hostess LP will receive cash and shares of Class A Common Stock and (iii) AP Hostess Holdings will become a wholly-owned Subsidiary of the Corporate Taxpayer, and (b) immediately following the Stage One Merger, AP Hostess Holdings will merge with and into the Corporate Taxpayer, and the Corporate Taxpayer will be the surviving entity (the "Stage Two Merger" and together with the Stage One Merger, the "AP Hostess Holdings Merger");

WHEREAS, pursuant to the Master Transaction Agreement, the Corporate Taxpayer and the CDM Entity Holders shall enter into a Contribution and Purchase Agreement, pursuant to which (a) the Corporate Taxpayer will purchase all of the Class A LP Units owned by Hostess CDM Co-Invest in exchange for cash, (b) the Corporate Taxpayer will purchase all of the Class A LP Units issued to CDM Hostess pursuant to the Management LLC Merger Agreement (as defined in the Master Transaction Agreement) in exchange for cash and (c) Hostess CDM Co-Invest will (i) contribute all of the Class C GP Interests to the Corporate Taxpayer in exchange for shares of Class B Common Stock and (ii) direct the Corporate Taxpayer to issue and deliver to CDM Hostess shares of Class B Common Stock (the "Contribution and Purchase");

WHEREAS, pursuant to the Master Transaction Agreement, after the Effective Date, the Corporate Taxpayer may (a) issue to the CDM Entity Holders additional shares of Class B Common Stock and (b) cause Hostess Holdings to issue to the CDM Entity Holders additional Class B LP Units (together, the "Earn Out Interests", and such issuance, the "Earn Out");

WHEREAS, pursuant to the Executive Chairman Employment Agreement, dated as of July 5, 2016, by and between the Corporate Taxpayer and C. Dean Metropoulos ("CDM") (the "CDM Employment Agreement"), CDM has the opportunity to receive, as compensation, additional shares of Class B Common Stock and additional Class B LP Units (together, the "2018 Earn Out Interests"), if certain conditions are met (the "2018 Earn Out");

WHEREAS, following the Contribution and Purchase, the AP Hostess Holdings Merger and certain other transactions, (a) the CDM Entity Holders will hold all of the Class B LP Units and (b) the Corporate Taxpayer will hold (i) all of the membership interests in Hostess GP and (ii) all of the Class A LP Units;

WHEREAS, simultaneously with the Contribution and Purchase, in consideration of the Contribution and Purchase and certain other transactions, the Corporate Taxpayer and the CDM Entity Holders shall, and the Corporate Taxpayer shall cause Hostess GP to cause Hostess Holdings to, enter into an Exchange Agreement (the "Exchange Agreement"), pursuant to which each CDM Entity Holder (and, if the Exchange Agreement is amended as described in the following Recital, CDM) will be entitled to exchange its respective Class B Units (including any Earn Out Interests that are issued pursuant to the Earn Out) for, at the option of the Corporate Taxpayer, the number of shares of Class A Common Stock specified in the Exchange Agreement or the cash equivalent of such shares of Class A Common Stock, on the terms and conditions set forth therein (each, a "Post-Transaction Exchange");

WHEREAS, pursuant to the CDM Employment Agreement, if 2018 Earn Out Interests are issued to CDM pursuant to the 2018 Earn Out, the Corporate Taxpayer shall amend the Exchange Agreement to make CDM a party thereto;

WHEREAS, (a) Hostess Holdings is classified as a partnership for U.S. federal and applicable state and local income tax purposes, and (b) the Corporate Taxpayer is classified as a corporation for U.S. federal and applicable state and local income tax purposes;

WHEREAS, it is intended that (a) the Contribution and Purchase and (b) any future Post-Transaction Exchange will each constitute a taxable sale of the LP Units and the Class C GP Interests (as applicable) pursuant to Section 1001 of the Internal Revenue Code of 1986 (the “Code”);

WHEREAS, it is intended that the issuance of the 2018 Earn Out Interests pursuant (if any) to the 2018 Earn Out will constitute compensation to CDM for services provided to the Corporate Taxpayer and its Subsidiaries for U.S. federal and applicable state and local income tax purposes;

WHEREAS, it is intended that the Stage One Merger and the Stage Two Merger, taken together, shall constitute a tax-free reorganization under Section 368(a)(1)(A) of the Code;

WHEREAS, Hostess Holdings will have in effect an election under Section 754 of the Code (and any corresponding provisions of state or local Tax Law), for each Taxable Year (as defined below) of Hostess Holdings, which election is intended generally to result in an adjustment under Sections 734(b) and 743(b) of the Code (including a substituted basis transaction described in Treasury Regulations Section 1.755-1(b)(5)) to the tax basis of the assets owned by Hostess Holdings (solely with respect to the Corporate Taxpayer) with respect to each Exchange, by reason of the Exchange and the receipt of certain payments under this Agreement;

WHEREAS, the income, gain, loss, deduction and other Tax (as defined below) items of the Corporate Taxpayer and its wholly owned Subsidiaries (as defined below) may be affected by (a) the Basis Adjustments (as defined below) and (b) the Imputed Interest (as defined below); and

WHEREAS, the Parties desire to make certain arrangements with respect to the effect of the Basis Adjustments and the Imputed Interest on the liability for Taxes of the Corporate Taxpayer.

NOW, THEREFORE, in consideration of the foregoing premises and the respective covenants and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

## ARTICLE I.

### DEFINITIONS

1.1 Definitions. As used in this Agreement, the terms set forth in this ARTICLE I have the following meanings.

“2018 Earn Out” has the meaning set forth in the Recitals.

“2018 Earn Out Interests” has the meaning set forth in the Recitals.

“Advisory Firm” means any accounting firm or any law firm that, in either case, is nationally recognized as being expert in tax matters.

“Affiliate” means, with respect to any specified Person, (a) any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, (b) a Member of the Immediate Family of such specified Person, and (c) any investment fund advised or managed by, or under common control or management with, such specified Person.

“Agreed Rate” means LIBOR plus 100 basis points.

“Agreement” has the meaning set forth in the Preamble.

“Amended Schedule” has the meaning set forth in Section 2.2(b).

“AP Hostess LP” has the meaning set forth in the Preamble.

“AP Hostess LP Tax Adjustment Amount” has the meaning set forth in Section 3.8.

“AP Hostess LP Tax Adjustment Shares” has the meaning set forth in Section 3.8.

“AP Hostess Holdings” has the meaning set forth in the Recitals.

“AP Hostess Holdings Merger” has the meaning set forth in the Recitals.

“AP Hostess Holdings Merger Agreement” has the meaning set forth in the Recitals.

“Applicable Asset” means any asset that is, for U.S. federal income tax purposes, (a) depreciable or amortizable, (b) stock of a corporation or (c) land.

“Applicable Tax Basis” means, with respect to a Reference Asset (or portion thereof), at any time, (a) in respect of a Holder other than CDM, the portion of the tax basis of such Reference Asset (or portion thereof) that is attributable to Basis Adjustments attributable to TRA Payments made to such Holder (or its predecessors or successors) as of such time and (b) in respect of CDM, the portion of the tax basis of such Reference Asset (or portion thereof) that is attributable to an Exchange of 2018 Earn Out Interests (including Basis Adjustments attributable to TRA Payments made to CDM (or its predecessors or successors) in respect of the 2018 Earn Out Interests) as of such time.

“Assumed State and Local Tax Rate” means, with respect to any Taxable Year, the product of (a) the excess of (i) one hundred percent (100%) over (ii) the highest U.S. federal corporate income tax rate for such Taxable Year multiplied by (b) the sum, with respect to each state and local jurisdiction in which Hostess Holdings files Tax Returns, of the products of (i) the Corporate Taxpayer’s Tax apportionment rate(s) for such jurisdiction for such Taxable Year multiplied by (ii) the highest corporate Tax rate(s) for such jurisdiction for such Taxable Year.

“Basis Adjustment” means, in respect of a Holder, the adjustment to the tax basis of a Reference Asset under Sections 732, 755 and 1012 of the Code and the Treasury Regulations thereunder (in situations where, as a result of one or more Exchanges, Hostess

Holdings becomes an entity that is disregarded as separate from its owner for U.S. federal income tax purposes) or under Sections 734(b), 743(b) and 755 of the Code and the Treasury Regulations thereunder (including, in the case of the AP Hostess Holdings Merger, a substituted basis transaction described in Treasury Regulations Section 1.755-1(b)(5)) (in situations where, following an Exchange, Hostess Holdings remains in existence as an entity for U.S. federal income tax purposes) and, in each case, comparable provisions of state and local Tax Law, as a result of (a) an Exchange by such Holder and (b) payments made to such Holder pursuant to this Agreement. For the avoidance of doubt, the amount of any Basis Adjustment resulting from an Exchange shall be determined without regard to any Pre-Exchange Transfers (and as if any such Pre-Exchange Transfers had not occurred). As required by Section 2.1(a), Hostess Holdings will ensure that an election under Section 754 of the Code is in effect for each Taxable Year of Hostess Holdings (until Hostess Holdings becomes an entity that is disregarded as separate from its owner for U.S. federal income tax purposes).

“Board” means the Board of Directors of the Corporate Taxpayer.

“Business Day” means any day, other than Saturday, Sunday or any other day on which banks located in the State of New York are authorized or required to close.

“Capital Stock” means:

- (a) in the case of a corporation, corporate stock or shares;
- (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (c) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“CDM Entity Holders” has the meaning set forth in the Preamble.

“CDM Hostess” has the meaning set forth in the Preamble.

A “Change in Control” shall be deemed to have occurred upon:

- (a) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the Corporate Taxpayer’s assets (determined on a consolidated basis) to any person or group (as such term is used in Section 13(d)(3) of the Exchange Act) other than to any Subsidiary of the Corporate Taxpayer; provided, that, for clarity and notwithstanding anything to the contrary, neither the approval of nor consummation of a transaction treated for U.S. federal income tax purposes as a liquidation into the Corporate Taxpayer of its wholly owned Subsidiaries or merger of such entities into one another or the Corporate Taxpayer will constitute a “Change in Control”;

(b) the merger or consolidation of the Corporate Taxpayer with any other person, other than a merger or consolidation which would result in the Voting Securities of the Corporate Taxpayer outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 50.1% of the total voting power represented by the Voting Securities of the Corporate Taxpayer or such surviving entity outstanding immediately after such merger or consolidation;

(c) the liquidation or dissolution of the Corporate Taxpayer; or

(d) the acquisition, directly or indirectly, by any person or group (as such term is used in Section 13(d)(3) of the Exchange Act) (other than (i) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporate Taxpayer or (ii) a corporation or other entity owned, directly or indirectly, by the stockholders of the Corporate Taxpayer in substantially the same proportions as their ownership of stock of the Corporate Taxpayer) of more than 50.1% of the aggregate voting power of the Voting Securities of the Corporate Taxpayer.

“Class A Common Stock” has the meaning set forth in the Recitals.

“Class A Common Stock Market Value” means, for any day, the average of the high price and the low price of a share of Class A Common Stock for such day; provided, that if the Class A Common Stock no longer trades on a securities exchange or automated or electronic quotation system, then a majority of the independent members of the Board shall determine the fair market value of a share of Class A Common Stock for such day in good faith.

“Class A LP Units” has the meaning set forth in the Recitals.

“Class B Common Stock” has the meaning set forth in the Recitals.

“Class B LP Units” has the meaning set forth in the Recitals.

“Class C GP Interests” has the meaning set forth in the Recitals.

“Code” has the meaning set forth in the Recitals.

“Contribution and Purchase” has the meaning set forth in the Recitals.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of Voting Securities, by contract or otherwise.

“Corporate Taxpayer” has the meaning set forth in the Preamble.

“Corporate Taxpayer Group” means any of the Corporate Taxpayer and its Subsidiaries.

“Corporate Taxpayer Return” means the U.S. federal, state or local Tax Return, as applicable, of the Corporate Taxpayer or any wholly owned Subsidiary of the Corporate



Taxpayer (or any Tax Return filed for a consolidated, affiliated, combined or unitary group of which the Corporate Taxpayer or any wholly owned Subsidiary of the Corporate Taxpayer is a member) filed with respect to Taxes of any Taxable Year.

“Cumulative Net Realized Tax Benefit (Shared)” means, for a Taxable Year, in respect of a Holder, the cumulative amount of Realized Tax Benefits (Shared) in respect of such Holder for all Taxable Years or portions thereof of (a) the Corporate Taxpayer, (b) its wholly owned Subsidiaries, and (c) without duplication, Hostess Holdings and its Subsidiaries, up to and including such Taxable Year, net of the cumulative amount of Realized Tax Detriments (Shared) for the same period. The Realized Tax Benefit (Shared) and Realized Tax Detriment (Shared) in respect of such Holder for each Taxable Year or portion thereof shall be determined based on the most recent Tax Benefit Schedule or Amended Schedule, if any, in existence at the time of such determination. If a Cumulative Net Realized Tax Benefit (Shared) in respect of such Holder is being calculated with respect to a portion of a Taxable Year, then calculations of the Cumulative Net Realized Tax Benefit (Shared) in respect of such Holder (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books and the Taxable Year had closed on the relevant date.

“Cumulative Net Realized Tax Benefit (Not Shared)” means, for a Taxable Year, in respect of a Holder, the cumulative amount of Realized Tax Benefits (Not Shared) in respect of such Holder for all Taxable Years or portions thereof of (a) the Corporate Taxpayer, (b) its wholly owned Subsidiaries, and (c) without duplication, Hostess Holdings and its Subsidiaries, up to and including such Taxable Year, net of the cumulative amount of Realized Tax Detriments (Not Shared) for the same period. The Realized Tax Benefit (Not Shared) and Realized Tax Detriment (Not Shared) in respect of such Holder for each Taxable Year or portion thereof shall be determined based on the most recent Tax Benefit Schedule or Amended Schedule, if any, in existence at the time of such determination. If a Cumulative Net Realized Tax Benefit (Not Shared) in respect of such Holder is being calculated with respect to a portion of a Taxable Year, then calculations of the Cumulative Net Realized Tax Benefit (Not Shared) in respect of such Holder (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books and the Taxable Year had closed on the relevant date.

“Default Rate” means LIBOR plus 500 basis points.

“Determination” has the meaning ascribed to such term in Section 1313(a) of the Code or similar provisions of state and local Tax Law, as applicable, or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

“Early Termination Date” means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

“Early Termination Effective Date” has the meaning set forth in Section 4.2.

“Early Termination Notice” has the meaning set forth in Section 4.2.

“Early Termination Payment” has the meaning set forth in Section 4.3(b).

“Early Termination Rate” means LIBOR plus 100 basis points.

“Early Termination Schedule” has the meaning set forth in Section 4.2.

“Earn Out” has the meaning set forth in the Recitals.

“Earn Out Interests” has the meaning set forth in the Recitals.

“Exchange” means an acquisition or purchase, as determined for U.S. federal income tax purposes (including pursuant to a “disguised sale of a partnership interest” under Section 707 of the Code), of Interests by the Corporate Taxpayer from a Holder (including a permitted assignee under Section 7.5 who is a party by reason of a joinder) pursuant to (a) the Contribution and Purchase, (b) a Post-Transaction Exchange or (c) the AP Hostess Holdings Merger. Any reference in this Agreement to Interests “Exchanged” is intended to denote Interests that are the subject of an Exchange.

“Exchange Act” means the Securities Exchange Act of 1934.

“Exchange Agreement” has the meaning set forth in the Recitals.

“Expert” has the meaning set forth in Section 7.9.

“Governmental Entity” means any court, tribunal, arbitrator, authority, agency, commission, legislative body or official of the United States or any state, or similar governing entity, in the United States or in a foreign jurisdiction.

“Holdings” has the meaning set forth in the Preamble.

“Holdings’ Representative” means Hostess CDM Co-Invest or its designee; provided, that when CDM and the CDM Entity Holders (or their assignees) no longer have any rights to TRA Payments, AP Hostess LP or its designee shall be the Holdings’ Representative.

“Hostess GP” has the meaning set forth in the Recitals.

“Hostess Agreements” means the Hostess Holdings A&R LPA and the Exchange Agreement.

“Hostess CDM Co-Invest” has the meaning set forth in the Preamble.

“Hostess Holdings” has the meaning set forth in the Recitals.

“Hostess Holdings A&R LPA” has the meaning set forth in the Recitals.

“Hypothetical Tax Liability (Not Shared)” means, in respect of a Holder, with respect to any Taxable Year, the liability for Taxes for such Taxable Year or portion thereof of (a) the Corporate Taxpayer, (b) its wholly owned Subsidiaries and (c) without duplication, Hostess Holdings and its Subsidiaries, but only with respect to the Corporate Taxpayer’s pro rata shares of the Tax liability of Hostess Holdings and its Subsidiaries for such Taxable Year or portion thereof, in each case calculated using the same methods, elections, conventions and

similar practices used in calculating the actual liability for Taxes of the Corporate Taxpayer and its Subsidiaries on the relevant Corporate Taxpayer Return, but (i) using the Unadjusted Tax Basis (Not Shared) of the Reference Assets in respect of such Holder (which, in the case of an actual or deemed disposition of a Reference Asset (or portion thereof), shall be the Unadjusted Tax Basis (Not Shared) of such Reference Asset (or portion thereof) as of immediately before such disposition), (ii) excluding any deduction attributable to Imputed Interest in respect of such Holder for the Taxable Year, (iii) without taking into account the carryover or carryback of any Tax item (or portions thereof) that is attributable to or (without duplication) available for use because of the prior use of the portion of the Basis Adjustment resulting from payments made to such Holder (or its predecessors or successors) under this Agreement or the Imputed Interest with respect to such Holder and (iv) for purposes of determining the liability for state and local Taxes for a Taxable Year, the combined tax rate for state and local Taxes shall be the Assumed State and Local Tax Rate for such Taxable Year. If a Hypothetical Tax Liability (Not Shared) is being calculated with respect to a portion of a Taxable Year, then calculations of the Hypothetical Tax Liability (Not Shared) (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the Corporate Taxpayer and its Subsidiaries and the Taxable Year had closed on the relevant date. For purposes of calculating the Hypothetical Tax Liability (Not Shared), a disposition of an interest in Hostess Holdings shall be treated as a disposition of the portion of the assets of Hostess Holdings (or its Subsidiaries) to which such interest relates.

“Hypothetical Tax Liability (Shared)” means with respect to any Taxable Year, the liability for Taxes for such Taxable Year or portion thereof of (a) the Corporate Taxpayer, (b) its wholly owned Subsidiaries and (c) without duplication, Hostess Holdings and its Subsidiaries, but only with respect to the Corporate Taxpayer’s pro rata shares of the Tax liability of Hostess Holdings and its Subsidiaries for such Taxable Year or portion thereof, in each case calculated using the same methods, elections, conventions and similar practices used in calculating the actual liability for Taxes of the Corporate Taxpayer and its Subsidiaries on the relevant Corporate Taxpayer Return, but (i) using the Unadjusted Tax Basis (Shared) of the Reference Assets (which, in the case of an actual or deemed disposition of a Reference Asset (or portion thereof), shall be the Unadjusted Tax Basis (Shared) of such Reference Asset (or portion thereof) as of immediately before such disposition), (ii) without taking into account the carryover or carryback of any Tax item (or portions thereof) that is attributable to or (without duplication) available for use because of the prior use of the Basis Adjustment with respect to all Holders (other than the portion of such Basis Adjustment resulting from payments made under this Agreement) and (iii) for purposes of determining the liability for state and local Taxes for a Taxable Year, the combined tax rate for state and local Taxes shall be the Assumed State and Local Tax Rate for such Taxable Year. If a Hypothetical Tax Liability (Shared) is being calculated with respect to a portion of a Taxable Year, then calculations of the Hypothetical Tax Liability (Shared) (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the Corporate Taxpayer and its Subsidiaries and the Taxable Year had closed on the relevant date. For purposes of calculating the Hypothetical Tax Liability (Shared), a disposition of an interest in Hostess Holdings shall be treated as a disposition of the portion of the assets of Hostess Holdings (or its Subsidiaries) to which such interest relates.

“Imputed Interest” means, in respect of a Holder, any interest imputed under Sections 1272, 1274 or 483 or other provision of the Code and any similar provisions of state and local tax Law with respect to the Corporate Taxpayer’s payment obligations in respect of such Holder under this Agreement.

“Interest” means LP Units and Class C GP Interests.

“Interest Amount” has the meaning set forth in Section 3.1(b).

“IRS” means the Internal Revenue Service.

“Law” means, with respect to any Person, any statute, law (including common law), code, treaty, ordinance, rule or regulation of any Governmental Entity applicable to such Person as of the date hereof.

“LIBOR” means during any period, an interest rate per annum equal to the one-year LIBOR reported, on the date two days prior to the first day of such period, on the Reuters Screen page “LIBOR01” (or if such screen shall cease to be publicly available, as reported by any other publicly available source of such market rate) for London interbank offered rates for U.S. dollar deposits for such period.

“LP Units” has the meaning set forth in the Recitals.

“Master Transaction Agreement” has the meaning set forth in the Recitals.

“Maximum Cash Amount” has the meaning set forth in Section 3.8.

“Maximum Rate” has the meaning set forth in Section 3.6.

“Member of the Immediate Family” means, with respect to any Person who is an individual, (a) each parent, spouse (but not including a former spouse or a spouse from whom such Person is legally separated) or child (including those adopted) of such individual and (b) each trust naming only one or more of the Persons listed in clause (a) above as beneficiaries.

“Merger Sub” has the meaning set forth in the Recitals.

“Nonrecourse Liability” has the meaning set forth in Treasury Regulations Section 1.752-1(a)(2).

“Net Tax Benefit” has the meaning set forth in Section 3.1(b).

“Objection Notice” has the meaning set forth in Section 2.2(a).

“Participation Percentage” means, with respect to a Holder, the number set forth on Schedule 1 next to such Holder’s name; provided, that the Corporate Taxpayer shall equitably adjust the Holders’ Participation Percentages from time to time to reflect permitted transfer of rights hereunder and waivers and elections pursuant to clauses (A) and (B) of Section 4.1(b).

“Parties” has the meaning set forth in the Preamble.

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“Payment Date” means any date on which a payment is required to be made pursuant to this Agreement.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, Governmental Entity or other entity.

“Post-Transaction Exchange” has the meaning set forth in the Recitals.

“Pre-Exchange Transfer” means, with respect to an Interest, any transfer (including upon the death of a Holder), (a) that occurs prior to an Exchange of such Interest and (b) to which Section 743(b) of the Code applies.

“Realized Tax Benefit (Not Shared)” means, in respect of a Holder (other than AP Hostess LP or its successor transferees or assignees pursuant to Section 7.5(a), except to the extent that any such Person is a successor transferee or assignee of another Holder pursuant to Section 7.5(a)), for a Taxable Year (or portion thereof), the excess, if any, of the Hypothetical Tax Liability (Not Shared) in respect of such Holder for such Taxable Year (or portion thereof) over the actual liability for Taxes for such Taxable Year (or portion thereof) of (a) the Corporate Taxpayer, (b) its wholly owned Subsidiaries, and (c) without duplication, Hostess Holdings and its Subsidiaries, but only with respect to the Corporate Taxpayer and its wholly owned Subsidiaries’ pro rata shares of the Tax liability of Hostess Holdings and its Subsidiaries for such Taxable Year (or portion thereof). If all or a portion of the actual liability for such Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit (Not Shared) in respect of such Holder unless and until there has been a Determination. If an “actual liability” for Taxes is being calculated with respect to a portion of a Taxable Year, then calculations of such actual liability (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the Taxable Year had closed on the relevant date.

“Realized Tax Benefit (Shared)” means, in respect of a Holder, for a Taxable Year (or portion thereof), the product of (a) such Holder’s Participation Percentage as of such Taxable Year (or portion thereof) multiplied by (b) the excess, if any, of the Hypothetical Tax Liability (Shared) for such Taxable Year (or portion thereof) over the actual liability for Taxes for such Taxable Year (or portion thereof) of (i) the Corporate Taxpayer, (ii) its wholly owned Subsidiaries, and (iii) without duplication, Hostess Holdings and its Subsidiaries, but only with respect to the Corporate Taxpayer and its wholly owned Subsidiaries’ pro rata shares of the Tax liability of Hostess Holdings and its Subsidiaries for such Taxable Year (or portion thereof). If all or a portion of the actual liability for such Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit (Shared) in respect of such Holder unless and until there has been a Determination. If an “actual liability” for Taxes is being calculated with respect to a portion of a Taxable Year, then calculations of such actual liability (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the Taxable Year had closed on the relevant date.

“Realized Tax Detriment (Not Shared)” means, in respect of a Holder (other than AP Hostess LP or its successor transferees or assignees pursuant to Section 7.5(a)), except to the extent that any such Person is a successor transferee or assignee of another Holder pursuant to Section 7.5(a)), for a Taxable Year (or portion thereof), the excess, if any, of the actual liability for Taxes for such Taxable Year (or portion thereof) of (a) the Corporate Taxpayer, (b) its wholly owned Subsidiaries, and (c) without duplication, Hostess Holdings and its Subsidiaries, but only with respect to the Corporate Taxpayer and its wholly owned Subsidiaries’ pro rata shares of the Tax liability of Hostess Holdings and its Subsidiaries for such Taxable Year (or portion thereof) over the Hypothetical Tax Liability (Not Shared) in respect of such Holder for such Taxable Year (or portion thereof). If all or a portion of the actual liability for such Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Detriment (Not Shared) in respect of such Holder unless and until there has been a Determination. If an “actual liability” for Taxes is being calculated with respect to a portion of a Taxable Year, then calculations of such actual liability (including determinations relating Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the Taxable Year had closed on the relevant date.

“Realized Tax Detriment (Shared)” means, in respect of a Holder, for a Taxable Year (or portion thereof), the product of (a) such Holder’s Participation Percentage as of such Taxable Year (or portion thereof) multiplied by (b) the excess, if any, of the actual liability for Taxes for such Taxable Year (or portion thereof) of (i) the Corporate Taxpayer, (ii) its wholly owned Subsidiaries, and (iii) without duplication, Hostess Holdings and its Subsidiaries, but only with respect to the Corporate Taxpayer and its wholly owned Subsidiaries’ pro rata shares of the Tax liability of Hostess Holdings and its Subsidiaries for such Taxable Year (or portion thereof) over the Hypothetical Tax Liability (Shared) in respect of such Holder for such Taxable Year (or portion thereof). If all or a portion of the actual liability for such Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Detriment (Shared) in respect of such Holder unless and until there has been a Determination. If an “actual liability” for Taxes is being calculated with respect to a portion of a Taxable Year, then calculations of such actual liability (including determinations relating Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the Taxable Year had closed on the relevant date.

“Realized Tax Benefit or Detriment” has the meaning set forth in Section 2.1(a).

“Reconciliation Dispute” has the meaning set forth in Section 7.9.

“Reconciliation Procedures” has the meaning set forth in Section 2.2(a).

“Reference Asset” means (a) with respect to any Exchange, an Applicable Asset that is held by Hostess Holdings or by any of its direct or indirect subsidiaries treated as a partnership or disregarded entity for purposes of the applicable Tax, at the time of such Exchange and (b) any Applicable Asset that is “substituted basis property” under Section 7701(a)(42) of the Code with respect to a Reference Asset.

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“Schedule” means any of the following: (i) a Tax Benefit Schedule or (ii) the Early Termination Schedule, and, in each case, any amendments thereto.

“SEC” means the U.S. Securities and Exchange Commission.

“Senior Obligations” has the meaning set forth in Section 5.1.

“Stage One Merger” has the meaning set forth in the Recitals.

“Stage Two Merger” has the meaning set forth in the Recitals.

“Subsidiary” means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls more than fifty percent (50%) of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

“Tax Benefit Payment” has the meaning set forth in Section 3.1(b).

“Tax Benefit Schedule” has the meaning set forth in Section 2.1(a).

“Tax Protection Period” means the period commencing on the date hereof and ending at such time as the CDM Entity Holders have, in the aggregate, disposed of ninety percent (90%) or more of their LP Units held immediately after the consummation of the Contribution and Purchase in one or more taxable transactions.

“Tax Return” means any return, declaration, election, report or similar statement filed or required to be filed with a Taxing Authority with respect to Taxes (including any attached schedules), including any information return, claim for refund, declaration of estimated Tax, and amendments of any of the foregoing.

“Taxable Year” means a “taxable year” (as defined in Section 441(b) of the Code (or comparable provisions of state or local Tax Law)) of the Corporate Taxpayer or any Subsidiary thereof, ending after the date hereof.

“Taxes” means any and all U.S. federal, state and local taxes, assessments or similar charges that are based on or measured with respect to net income or profits, and any interest related to such Tax.

“Taxing Authority” means any domestic, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

“TRA Payment” means a Tax Benefit Payment and an Early Termination Payment.

“Treasury Regulations” means the final, temporary and (to the extent they can be relied upon) proposed regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

“Unadjusted Tax Basis (Not Shared)” means, in respect of a Holder (other than AP Hostess LP or its successor transferees or assignees pursuant to Section 7.5(a), except to the extent that any such Person is a successor transferee or assignee of another Holder pursuant to Section 7.5(a)), with respect to a Reference Asset, at any time, (a) with respect to the portion of such Reference Asset that has been subject to a Basis Adjustment in respect of such Holder (determined without regard to any dilutive or antidilutive effect of any contribution to or distribution from Hostess Holdings after the date hereof), the excess of (i) the Tax basis of such portion at such time over (ii) the Applicable Tax Basis in respect of such Holder of such portion at such time, and (b) with respect to the remaining portion of such Reference Asset, the Tax basis of such remaining portion at such time.

“Unadjusted Tax Basis (Shared)” means, with respect to a Reference Asset, at any time, (i) with respect to the portion of such Reference Asset that has been subject to a Basis Adjustment (determined without regard to any dilutive or antidilutive effect of any contribution to or distribution from Hostess Holdings after the date hereof), the aggregate Applicable Tax Basis in respect of all Holders of such portion at such time, and (ii) with respect to the remaining portion of such Reference Asset, the Tax basis of such remaining portion at such time.

“Valuation Assumptions” means, as of an Early Termination Date, the assumptions that (a) in each Taxable Year ending on or after such Early Termination Date (or with respect to which the Tax Benefit Payment has not been determined and (subject to Sections 3.6 and 5.3) paid), the Corporate Taxpayer and its wholly owned Subsidiaries will have taxable income sufficient to fully utilize the deductions arising from the Basis Adjustments and the Imputed Interest during such Taxable Year or future Taxable Years in which such deductions would become available (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from post-Early Termination Date Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions), (b) the U.S. federal income tax rates and state and local income tax rates that will be in effect for each such Taxable Year will be those specified for each such Taxable Year by the Code and other Law as in effect on the Early Termination Date (but taking into account for the applicable Taxable Years adjustments to the tax rates that have been enacted as of the Early Termination Date with a delayed effective date), (c) any loss carryovers generated by any Basis Adjustment or Imputed Interest and available as of the Early Termination Date will be used by the Corporate Taxpayer on a pro rata basis from the Early Termination Date through the scheduled expiration date of such loss carryovers, (d) any non-depreciable or non-amortizable Reference Asset will be disposed of on the later of (i) the fifteenth anniversary of the applicable Basis Adjustment or (ii) the Early Termination Date, for an amount sufficient to fully utilize the Basis Adjustment with respect to such Reference Asset; provided, that in the event of a Change in Control which includes a taxable sale of such Reference Asset (including the sale of equity interests in an entity classified as a partnership or disregarded entity that directly or indirectly owns such Reference Asset), such Reference Asset shall be deemed disposed of at the time of the Change in Control, (e) if, on the Early Termination Date, the Holder has (or is deemed to have) Interests that have not been Exchanged, then each such Interest shall be deemed to be Exchanged for the Class A Common



Stock Market Value on the Early Termination Date, and the Holder shall be deemed to receive the amount of cash the Holder would have been entitled to pursuant to this Agreement had the Interest actually been Exchanged on the Early Termination Date, determined using the Valuation Assumptions, (f) the Corporate Taxpayer will make a Tax Benefit Payment one hundred twenty-five (125) calendar days after the due date (taking into account automatic extensions) of the U.S. federal income Tax Return of the Corporate Taxpayer (or its wholly owned Subsidiaries, as applicable) for each Taxable Year for which a Tax Benefit Payment would be due, (g) if, on the Early Termination Date, the Earn Out Interests (if any) have not yet been issued pursuant to the Earn Out solely because the Early Termination Date occurred prior to the date on which the Earn Out could potentially be paid under the Master Transaction Agreement, then the maximum number of Earn Out Interests permitted to be issued under the Master Transaction Agreement shall be deemed to be issued on the Early Termination Date immediately before the deemed Exchange described in clause (e) above and (h) if, on the Early Termination Date, the 2018 Earn Out Interests (if any) have not yet been issued pursuant the 2018 Earn Out solely because the Early Termination Date occurred prior to the date on which the 2018 Earn Out could potentially be paid under the CDM Employment Agreement, then the maximum number of 2018 Earn Out Interests permitted to be issued under the CDM Employment Agreement shall be deemed to be issued on the Early Termination Date immediately before the deemed Exchange described in clause (e) above.

“Voting Securities” means any securities of the Corporate Taxpayer which are entitled to vote generally in matters submitted for a vote of the Corporate Taxpayer’s stockholders or generally in the election of the Board.

1.2 Terms Generally. In this Agreement, unless otherwise specified or where the context otherwise requires:

- (a) the headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement;
- (b) words importing any gender shall include other genders;
- (c) words importing the singular only shall include the plural and vice versa;
- (d) the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation”;
- (e) the words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (f) references to “Articles,” “Exhibits,” “Sections” or “Schedules” shall be to Articles, Exhibits, Sections or Schedules of or to this Agreement;
- (g) references to the “Corporate Taxpayer Group” are references to members of the Corporate Taxpayer Group individually and collectively;

- (h) references to any Person include the successors and permitted assigns of such Person;
- (i) the use of the words “or,” “either” and “any” shall not be exclusive;
- (j) wherever a conflict exists between this Agreement and any other agreement between the Parties, this Agreement shall control but solely to the extent of such conflict;
- (k) references to “\$” or “dollars” means the lawful currency of the United States of America;
- (l) references to any agreement, contract or schedule, unless otherwise stated, are to such agreement, contract or schedule as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof;
- (m) references to any law, statute, regulation or other government rule is to it as amended, consolidated, replaced, supplemented or interpreted from time to time and, as applicable, is to corresponding provisions of successor laws, statutes regulations or other government rules; and
- (n) the Parties have participated collectively in the negotiation and drafting of this Agreement; accordingly, in the event an ambiguity or question of intent or interpretation arises, it is the intention of the Parties that this Agreement shall be construed as if drafted collectively by the Parties, and that no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement.

## ARTICLE II.

### **DETERMINATION OF CERTAIN REALIZED TAX BENEFIT**

#### 2.1 Tax Benefit Schedule.

(a) Tax Benefit Schedule. Within ninety (90) calendar days after the due date (taking into account valid extensions) of the U.S. federal income Tax Return of the Corporate Taxpayer (or its wholly owned Subsidiaries, as applicable) for any Taxable Year in which there is a Realized Tax Benefit (Shared), Realized Tax Benefit (Not Shared), Realized Tax Detriment (Shared) or Realized Tax Detriment (Not Shared) (collectively, a “Realized Tax Benefit or Detriment”), the Corporate Taxpayer shall provide to the Holders’ Representative a schedule showing in reasonable detail the calculation of the Realized Tax Benefit or Detriment in respect of each Holder for such Taxable Year and any Tax Benefit Payment in respect of the Holders (a “Tax Benefit Schedule”). The Tax Benefit Schedules provided by the Corporate Taxpayer will become final as provided in Section 2.2(a) and shall be amended as provided in Section 2.2(b). Notwithstanding anything to the contrary, the Corporate Taxpayer shall cause Hostess GP to cause Hostess Holdings to ensure that an election under Section 754 of the Code is in effect for each Taxable Year of Hostess Holdings (until Hostess Holdings becomes an entity that is disregarded as separate from its owner for U.S. federal income tax purposes).

( b ) Applicable Principles. Subject to Section 3.3(a), the Realized Tax Benefit or Detriment for each Taxable Year is intended to measure the decrease or increase in the actual liability for Taxes of the Corporate Taxpayer and its wholly owned Subsidiaries (and Hostess Holdings and its Subsidiaries, as applicable and without duplication) for such Taxable Year (or portion thereof) attributable to the Basis Adjustments and the Imputed Interest, determined using a “with and without” methodology. For the avoidance of doubt, the actual liability for Taxes of the Corporate Taxpayer and its wholly owned Subsidiaries (and Hostess Holdings and its Subsidiaries, as applicable and without duplication) will take into account any deduction of Imputed Interest. Carryovers or carrybacks of any Tax item attributable to the Basis Adjustments and Imputed Interest shall be considered to be subject to the rules of the Code and the Treasury Regulations or the appropriate provisions of U.S. state and local Tax Law, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. The Parties agree that (i) all Tax Benefit Payments to the Holders (other than amounts accounted for as interest under the Code) with respect to the Tax Basis (other than the Applicable Tax Basis) of the Reference Assets will be shared among the Holders in proportion to their Participation Percentages, (ii) all Tax Benefit Payments to CDM or the CDM Entity Holders (other than amounts accounted for as interest under the Code) will be treated as subsequent upward purchase price adjustments that have the effect of creating additional Basis Adjustments in respect of CDM or such CDM Entity Holder to the Reference Assets for the Corporate Taxpayer or its wholly owned Subsidiaries, as applicable, in the Taxable Year of payment, and (iii) as a result, such additional Basis Adjustments in respect of CDM or such CDM Entity Holder will be incorporated into the calculations with respect to the Taxable Year of payment and future Taxable Years, as appropriate.

## 2.2 Procedure; Amendments.

( a ) Procedure. Every time the Corporate Taxpayer delivers to the Holders’ Representative an applicable Schedule under this Agreement, including any Amended Schedule delivered pursuant to Section 2.2(b), including any Early Termination Schedule or amended Early Termination Schedule, the Corporate Taxpayer shall also allow the Holders’ Representative reasonable access, at the Corporate Taxpayer’s sole cost, to the appropriate representatives, as determined by the Corporate Taxpayer, at the Corporate Taxpayer and the Advisory Firm that prepared the relevant Corporate Taxpayer Returns in connection with a review of such Schedule. Without limiting the application of the preceding sentence, the Corporate Taxpayer shall, upon request, deliver to the Holders’ Representative work papers providing reasonable detail regarding the computation of such Tax Benefit Schedule. An applicable Tax Benefit Schedule or amendment thereto shall, subject to the final sentence of this Section 2.2(a), become final and binding on the Holders’ Representative and each Holder and its Affiliates thirty (30) calendar days from the first date on which the Corporate Taxpayer sent the Holders’ Representative the applicable Schedule or amendment thereto unless (i) the Holders’ Representative within thirty (30) calendar days after the date the Corporate Taxpayer sent such Schedule or amendment thereto provides the Corporate Taxpayer with written notice of a material objection to such Schedule made in good faith and setting forth in reasonable detail the Holders’ Representative material objection along with a letter from an Advisory Firm supporting such objection, if such objection relates to the application of Tax Law (an “Objection Notice”) or (ii) the Holders’ Representative provides a written waiver of the right to provide any Objection Notice with respect to such Schedule or amendment thereto within the

period described in clause (i) above, in which case such Schedule or amendment thereto becomes binding on the date the waiver is received by the Corporate Taxpayer. If the Corporate Taxpayer and the Holders' Representative are unable to resolve the issues raised in such Objection Notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of the Objection Notice, the Corporate Taxpayer and the Holders' Representative shall employ the reconciliation procedures described in Section 7.9 (the "Reconciliation Procedures").

(b) Amended Schedule. The applicable Schedule for any Taxable Year shall be amended from time to time by the Corporate Taxpayer (i) in connection with a Determination affecting such Schedule, (ii) to correct inaccuracies in the Schedule identified after the date the Schedule was provided to the Holders' Representative, (iii) to comply with an Expert's determination under the Reconciliation Procedures applicable to this Agreement, (iv) to reflect a change in the Realized Tax Benefit or Detriment in respect of a Holder for such Taxable Year attributable to a carryback or carryforward of a loss or other tax item to such Taxable Year, (v) to reflect a change in the Realized Tax Benefit or Detriment in respect of a Holder for such Taxable Year attributable to an amended Tax Return filed for such Taxable Year, or (vi) to take into account payments made pursuant to this Agreement (any such Schedule, an "Amended Schedule").

2 . 3 Consistency with Tax Returns. Notwithstanding anything to the contrary herein, all calculations and determinations hereunder, including Basis Adjustments, the Schedules, and the determination of the Realized Tax Benefit or Detriment, shall be made in accordance with any elections, methodologies or positions taken on the relevant Corporate Taxpayer Returns.

### **ARTICLE III.**

#### **TAX BENEFIT PAYMENTS**

##### **3.1 Payments**

(a) Payments. Except as provided in Sections 3.6 and 5.3, and subject to Section 3.3, within five (5) Business Days after all the Tax Benefit Schedules with respect to the Taxable Year delivered to the Holders pursuant to this Agreement become final in accordance with ARTICLE II, the Corporate Taxpayer shall pay or cause to be paid to each Holder for such Taxable Year such Holder's Tax Benefit Payment (if any) determined pursuant to Section 3.1(b). Subject to Section 3.8, each such payment shall be made, at the sole discretion of the Corporate Taxpayer, by wire or Automated Clearing House transfer of immediately available funds to the bank account previously designated by the Holders' Representative to the Corporate Taxpayer or as otherwise agreed by the Corporate Taxpayer and the Holders' Representative.

(b) A "Tax Benefit Payment" in respect of a Holder for a Taxable Year means an aggregate amount, not less than zero, which the Corporate Taxpayer is required to pay or cause to be paid pursuant to Section 3.1, equal to the sum of the Net Tax Benefit and the Interest Amount in respect of such Holder. For the avoidance of doubt, for Tax purposes, the Interest Amount shall not be treated as interest for U.S. federal and applicable state and local Tax purposes but instead shall be treated as additional consideration for the acquisition of

Interests in Exchanges, unless otherwise required by Law, as reasonably determined by the Corporate Taxpayer. The “Net Tax Benefit” in respect of such Holder for a Taxable Year shall be an amount equal to the excess, if any, of (i) 85% of the sum of (A) the Cumulative Net Realized Tax Benefit (Shared) in respect of such Holder and (B) the Cumulative Net Realized Tax Benefit (Not Shared) in respect of such Holder, in each case as of the end of such Taxable Year (or portion thereof) over (ii) the total amount of payments previously made under this Section 3.1 in respect of such Holder (excluding payments of Interest Amounts).

(c) The “Interest Amount” in respect of such Holder for a Taxable Year (or portion thereof) shall equal the interest on the Net Tax Benefit in respect of such Holder with respect to such Taxable Year (or portion thereof) calculated at the Agreed Rate compounded annually from the due date (without extensions) for filing the U.S. federal income Tax Return of the Corporate Taxpayer for such Taxable Year until the Payment Date. The Net Tax Benefit and the Interest Amount shall be determined separately with respect to each separate Exchange on an individual basis by reference to the resulting Basis Adjustment to the Corporate Taxpayer.

3.2 Duplicative Payments. It is intended that the provisions of this Agreement will not result in a duplicative payment of any amount (including interest) required under this Agreement. It is also intended that the provisions of this Agreement, subject to ARTICLE IV and Section 7.13, will result in 85% of the Cumulative Net Realized Tax Benefit (Shared) and Cumulative Net Realized Tax Benefit (Not Shared) (but calculated by taking into account all Exchanges by all Holders as of any time) as of any determination date being paid to the Holders pursuant to this Agreement. The provisions of this Agreement shall be construed in the appropriate manner to ensure such intentions are realized. For the avoidance of doubt, interest shall not accrue under more than one provision of this Agreement for any specific period of time.

### 3.3 Pro Rata Payments; Coordination of Benefits.

(a) Notwithstanding anything in Section 3.1 to the contrary, to the extent that the aggregate tax benefit of the Corporate Taxpayer’s, and/or its wholly owned Subsidiaries’, as applicable, deductions within Net Tax Benefit (including the Basis Adjustments and Imputed Interest under this Agreement) is limited in a particular Taxable Year because the Corporate Taxpayer and/or its wholly owned Subsidiaries, as applicable, does or do not have sufficient taxable income or other limitations to utilize the tax benefits within Net Tax Benefit (including the Basis Adjustments or Imputed Interest), the Net Tax Benefit shall be allocated among all Holders eligible for payments hereunder in proportion to the respective amounts of Net Tax Benefit that would have been allocated to each such party if the Corporate Taxpayer and, as applicable, its wholly owned Subsidiaries, had sufficient taxable income so that there were no such limitation (or such other limitations did not apply).

(b) After taking into account Section 3.3(a), if the Corporate Taxpayer defers a Tax Benefit Payment in respect of a particular Taxable Year pursuant to Section 5.3, then the Parties agree that no Tax Benefit Payment shall be made in respect of any Taxable Year until all Tax Benefit Payments in respect of prior Taxable Years have been made in full. If, as a result of the deferral described in the foregoing sentence, the Tax Benefit Payments are to be partially but not fully satisfied with respect to a Taxable Year, such Tax Benefit Payments shall be made in the same proportion as the Tax Benefit Payments that would have been paid to the Holders if the Corporate Taxpayer were to satisfy its obligation in full.

3.4 No Return of Payments. Notwithstanding anything to the contrary in this Agreement, the Holders shall not be required to return any previously made TRA Payment or any other payment hereunder.

3.5 Stock and Stockholders of the Corporate Taxpayer. TRA Payments and any other payments hereunder are not conditioned on the Holders holding any stock of the Corporate Taxpayer (or any successor thereto).

3.6 Interest Amount Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable Agreed Rate or Default Rate shall exceed the maximum lawful interest rate that may be contracted for, charged, taken, received or reserved in accordance with applicable Law (the "Maximum Rate"), the Agreed Rate and Default Rate (as applicable) shall be limited to the Maximum Rate; provided, that any amounts unpaid as a result of such limitation (other than with respect to an Early Termination Payment) shall be paid (together with interest calculated at the Agreed Rate or the Default Rate (as applicable) with respect to the period such amounts remained unpaid) on subsequent payment dates to the extent not exceeding the legal limitation.

3.7 Day Count Convention. All computations using the Agreed Rate, Default Rate or Termination Rate shall use the "Actual/360" day count convention.

3.8 AP Hostess LP Tax Adjustment. Notwithstanding anything to the contrary in this Agreement, in the event that any payment of cash under this Agreement or the Master Transaction Agreement to AP Hostess LP or its successors or assignees would cause the cumulative amount treated as paid in cash for U.S. federal income tax purposes to AP Hostess LP or its successors or assignees pursuant to this Agreement and the Master Transaction Agreement to exceed 60% of an amount equal to (a) the fair market value of shares of Class A Common Stock to be issued to AP Hostess LP or its successors or assignees (determined by using the average of the high and low trading price on the date that AP Hostess LP became entitled to such payment), plus (b) the cumulative amount of cash paid to AP Hostess LP or its successors or assignees pursuant to this Agreement and the Master Transaction Agreement (the "Maximum Cash Amount"), then such excess cash amount (the "AP Hostess LP Tax Adjustment Amount") shall instead be paid to AP Hostess LP or its successors or assignees in the form of a number of shares of Class A Common Stock equal to (i) the AP Hostess LP Tax Adjustment Amount divided by (ii) the Class A Common Stock Market Value (the "AP Hostess LP Tax Adjustment Shares"); provided, that such excess cash amount shall be further adjusted so as to not exceed the Maximum Cash Amount taking into account the Class A Common Stock Market Value on the date that AP Hostess LP or its successors or assignees became entitled to such AP Hostess LP Tax Adjustment Shares.

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**ARTICLE IV.**

**TERMINATION**

4.1 Early Termination, Change in Control and Breach of Agreement.

(a) The Corporate Taxpayer may, with the prior written consent of a majority of the disinterested members of the Board, terminate this Agreement with respect to all amounts payable to all of the Holders (including, for the avoidance of doubt, any transferee pursuant to Section 7.5(a)) at any time by paying or causing to be paid to such Holders an Early Termination Payment; provided, however, that this Agreement shall terminate with respect to any such Holder only upon the payment of such Early Termination Payment to such Holder; provided, further, that the Corporate Taxpayer may withdraw any notice to execute its termination rights under this Section 4.1(a) prior to the time at which any Early Termination Payment has been paid. Upon payment of an Early Termination Payment to a Holder, the Corporate Taxpayer shall not have any further payment obligations in respect of such Holder under this Agreement, other than for any Tax Benefit Payment (i) agreed to by the Corporate Taxpayer and such Holder as due and payable but unpaid as of the Early Termination Date, (ii) that is the subject of an Objection Notice, which will be payable in accordance with resolution of the issues identified in such Objection Notice pursuant to this Agreement, and (iii) due for the Taxable Year ending with or including the Early Termination Date (except to the extent that the amounts described in clauses (i), (ii) and (iii) above are included in the calculation of the Early Termination Payment). If an Exchange occurs with respect to Interests with respect to which the Corporate Taxpayer has previously paid or cause to be paid to the applicable Holder an Early Termination Payment, the Corporate Taxpayer shall have no obligations under this Agreement with respect to such Exchange.

(b) In the event that there occurs a Change in Control or the Corporate Taxpayer materially breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, failure to honor any other material obligation required hereunder or by operation of Law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then all obligations hereunder shall be accelerated, and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such Change in Control or breach, as applicable, to each Holder and shall include (i) each Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of such Change in Control or breach (and the Corporate Taxpayer shall provide each Holder with an Early Termination Schedule, which shall become final in accordance with the procedures set forth in Section 4.2), (ii) any Tax Benefit Payment agreed to by the Corporate Taxpayer and any Holder as due and payable but unpaid as of the date of such Change in Control or breach, as applicable, (iii) any Tax Benefit Payment that is the subject of an Objection Notice, which will be payable in accordance with resolution of the issues identified in such Objection Notice pursuant to this Agreement, and (iv) any Tax Benefit Payment due for the Taxable Year ending with or including the date of such Change in Control or breach, as applicable (except to the extent that the amounts described in clauses (ii), (iii) and (iv) above are included in the calculation of the amount described in clause (i) above). Notwithstanding the foregoing, (A) in the event of a Change in Control, each Holder may waive the acceleration of payments with respect to such

Holder hereunder pursuant to this Section 4.1(b), in which case, for each Taxable Year ending on or after the date of the Change in Control, all TRA Payments in respect of such Holder shall be calculated by applying clauses (a) and (b) of the definition of “Valuation Assumptions,” substituting in each case the term “the date of the Change of Control” for “the Early Termination Date”, and (B) in the event that the Corporate Taxpayer materially breaches this Agreement, each Holder shall be entitled to elect to receive the amounts set forth in clauses (i), (ii), (iii) and (iv) above or to seek specific performance of the terms hereof. The Parties agree that it will not be considered to be a material breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within thirty (30) calendar days of the date such payment is due (for the avoidance of doubt, taking into account Sections 3.6, 5.2 and 5.3).

4.2 Early Termination Notice. If the Corporate Taxpayer chooses to exercise its right of early termination under Section 4.1, the Corporate Taxpayer shall deliver to the Holders’ Representative notice of such intention to exercise such right (“Early Termination Notice”) and a schedule (the “Early Termination Schedule”) specifying the Corporate Taxpayer’s intention to exercise such right and showing in reasonable detail the calculation of the Early Termination Payment for each Holder. The Early Termination Schedule will become final and binding with respect to the Holders’ Representative and each Holder and its Affiliates thirty (30) calendar days from the first date on which the Corporate Taxpayer sent the Holders’ Representative such Early Termination Schedule unless (a) the Holders’ Representative within thirty (30) calendar days after the date the Corporate Taxpayer sent such Schedule or amendment thereto provides the Corporate Taxpayer with an Objection Notice with respect to such Early Termination Schedule or (b) the Holders’ Representative provides a written waiver of the right to provide any Objection Notice with respect to such Schedule or amendment thereto within the period described in clause (a) above, in which case such Schedule or amendment thereto becomes binding on the date the waiver is received by the Corporate Taxpayer. If the Corporate Taxpayer and the Holders’ Representative, for any reason, are unable to resolve the issues raised in such Objection Notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of the Objection Notice, the Corporate Taxpayer and the Holders’ Representative shall employ the Reconciliation Procedures. The date on which every Early Termination Schedule under this Agreement becomes final with respect to all Holders in accordance with this Section 4.2 shall be the “Early Termination Effective Date”.

4.3 Payment upon Early Termination.

(a) Within five (5) Business Days after the Early Termination Effective Date, the Corporate Taxpayer shall pay or cause to be paid to each Holder an amount equal to its Early Termination Payment. Subject to Section 3.8, such payment shall be made, at the sole discretion of the Corporate Taxpayer, by wire or Automated Clearing House transfer of immediately available funds to a bank account or accounts designated by the Holder or as otherwise agreed by the Corporate Taxpayer and the Holder.

(b) An “Early Termination Payment” in respect of a Holder shall equal the net present value, discounted at the Early Termination Rate as of the Early Termination Date, of all Tax Benefit Payments that would be required to be paid by the Corporate Taxpayer to such Holder under Section 3.1(a) beginning from the Early Termination Date and assuming that the Valuation Assumptions are applied.

4.4 Termination as to CDM. If CDM ceases to be entitled to receive any 2018 Earn Out Interests pursuant to the 2018 Earn Out (and he has not received any 2018 Earn Out Interests pursuant to the 2018 Earn Out), then this Agreement shall automatically terminate as to CDM with respect to his 2018 Earn Out Interests; provided, that for the avoidance of doubt, this Section 4.4 shall not affect CDM’s entitlement hereunder as a successor transferee or assignee of another Holder pursuant to Section 7.5(a).



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ARTICLE V.

**SUBORDINATION AND LATE PAYMENTS**

5 . 1 Subordination. Notwithstanding any other provision of this Agreement to the contrary, any TRA Payment (or portion thereof) required to be made to a Holder under this Agreement shall rank subordinate and junior in right of payment to any principal, interest (including interest which accrues after the commencement of any case or proceeding in bankruptcy, or the reorganization of the Corporate Taxpayer or any Subsidiary thereof), fees, premiums, charges, expenses, attorneys' fees or other obligations in respect of indebtedness for borrowed money of the Corporate Taxpayer (and its wholly-owned Subsidiaries, if applicable) ("Senior Obligations") and shall rank pari passu with all current or future unsecured obligations of Corporate Taxpayer (and its wholly-owned Subsidiaries, as applicable) that are not Senior Obligations.

5.2 Late Payments by the Corporate Taxpayer. The amount of all or any portion of any TRA Payment not made to the Holders when due under the terms of this Agreement (taking into account any deferral under Section 5.3) shall be payable together with any interest thereon, computed at the Default Rate and commencing from the date on which such TRA Payment was due and payable.

5.3 Payment Deferral.

(a) Notwithstanding anything to the contrary provided herein, to the extent that, at the time any TRA Payment becomes due and payable hereunder, (i) the Corporate Taxpayer Group is not permitted, pursuant to the terms of any outstanding or committed indebtedness for borrowed money to make such TRA Payment, or if, after making such TRA Payment, the Corporate Taxpayer Group would be in breach or default under the terms of any such indebtedness, or (ii) (A) the Corporate Taxpayer does not have the cash on hand to make such TRA Payment, and (B) the Corporate Taxpayer is not able to obtain cash from the Corporate Taxpayer Group to fund such TRA Payment because (1) the Corporate Taxpayer Group is not permitted, pursuant to the terms of any such indebtedness, to make tax distributions or similar payments to the Corporate Taxpayer to allow it to make such TRA Payment, or if, after making such TRA Payment, the Corporate Taxpayer Group would be in breach or default under the terms of any such indebtedness or (2) the applicable member of the Corporate Taxpayer Group does not have the cash on hand to make the payment described in clause (1) above, then, in each case, upon prior notice to the Holders' Representative, the Corporate Taxpayer shall be permitted to defer such TRA Payment until the condition described in clauses (i) or (ii) above is no longer applicable.

(b) If the Corporate Taxpayer defers any TRA Payment (or portion thereof) pursuant to Section 5.3(a), such deferred amount shall accrue interest at the Agreed Rate, from the date that such amounts originally became due and owing pursuant to the terms hereof to the Payment Date, compounded annually, and such deferred amounts shall not be treated as late payments or as a breach of any obligation under this Agreement.

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## ARTICLE VI.

### CERTAIN COVENANTS

6.1 Participation in the Corporate Taxpayer's and Hostess Holdings' Tax Matters. Except as otherwise provided herein or in the Hostess Agreements, the Corporate Taxpayer shall have full responsibility for, and sole discretion over, all Tax matters concerning the Corporate Taxpayer, Hostess Holdings and their respective Subsidiaries, including the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to Taxes. Notwithstanding the foregoing, the Corporate Taxpayer shall notify the Holders' Representative of, and keep the Holders' Representative reasonably informed with respect to, the portion of any audit of the Corporate Taxpayer and Hostess Holdings by a Taxing Authority the outcome of which is reasonably expected to affect the rights and obligations of the Holders and their Affiliates under this Agreement, and shall provide to the Holders' Representative reasonable opportunity to provide information and other input to the Corporate Taxpayer, Hostess Holdings and their respective advisors concerning the conduct of any such portion of such audit; provided, however, that the Corporate Taxpayer shall not (and shall cause Hostess Holdings not to) take any action that is inconsistent with any provision of the Hostess Agreements.

6.2 Consistency. The Corporate Taxpayer and each Holder agree to report and cause to be reported for all purposes, including federal, state and local Tax purposes, all Tax-related items (including the Basis Adjustments and each Tax Benefit Payment and any Imputed Interest) in a manner consistent with that specified by the Corporate Taxpayer in any Schedule provided by or on behalf of the Corporate Taxpayer under this Agreement unless otherwise required by Law based on written advice of an Advisory Firm.

6.3 Cooperation. Each Holder shall (a) furnish to the Corporate Taxpayer in a timely manner such information, documents and other materials as the Corporate Taxpayer may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return, complying with any Tax Law, or contesting or defending any audit, examination or controversy with any Taxing Authority or other governmental authority, (b) make itself available to the Corporate Taxpayer and its representatives to provide explanations of documents and materials and such other information as the Corporate Taxpayer or its representatives may reasonably request in connection with any of the matters described in clause (a) above, and (c) reasonably cooperate in connection with any such matter, and the Corporate Taxpayer shall reimburse the Holders for any reasonable third-party costs and expenses incurred pursuant to this Section 6.3.

6.4 Future Indebtedness. If the Corporate Taxpayer Group incur any indebtedness after the date hereof, the Corporate Taxpayer shall, and shall cause each other member of the Corporate Taxpayer Group to, use commercially reasonable efforts to ensure that such indebtedness does not prohibit, at any time in which no default or event of default thereunder has occurred and is continuing: (a) in the case of the Corporate Taxpayer, TRA Payments to be made in full when due, and (b) in the case of any other member of the Corporate Taxpayer Group, payments to be made directly or indirectly to the Corporate Taxpayer to enable the Corporate Taxpayer to make TRA Payments in full when due on terms and conditions at least as favorable to the Corporate Taxpayer as those as are then market (in the good faith determination of the Corporate Taxpayer) for indebtedness of such type. The Holders' Representative may, in its sole discretion, waive the requirements of this Section 9.4, in whole or in part.

6.5 Tax Protection. During the Tax Protection Period, the Corporate Taxpayer shall, and shall cause Hostess Holdings and its Subsidiaries to, use commercially reasonable efforts to ensure that any indebtedness of Hostess Holdings or any Subsidiary (other than any indebtedness that is held or guaranteed by a CDM Entity Holder) constitutes a Nonrecourse Liability.

## ARTICLE VII.

### MISCELLANEOUS

7.1 Notices. Any notice, request, demand, waiver, consent, approval or other communication that is required or permitted hereunder shall be in writing and shall be deemed given: (a) on the date established by the sender as having been delivered personally, (b) on the date delivered by a private courier as established by the sender by evidence obtained from the courier, (c) on the date sent by facsimile, with confirmation of transmission, or (d) on the fifth Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications, to be valid, must be addressed as follows:

If to the Corporate Taxpayer, to:

[•]

with a required copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP  
201 Redwood Shores Parkway  
Redwood Shores, California 94065  
Attention: Kyle C. Krpata  
James R. Griffin  
Fax: (650) 802-3100

If to CDM or the CDM Entity Holders:

[•]

with a required copy (which shall not constitute notice) to:

[•]

If to AP Hostess LP:

[•]

with a required copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP  
101 Park Avenue  
New York, New York 10178  
Attention: Robert G. Robison  
Andrew L. Milano  
Fax: (212) 309-6001

Any Party may change its address, fax number or e-mail by giving the other Party written notice of its new address or fax number in the manner set forth above.

7.2 Counterparts. This Agreement may be executed in counterparts, and any Party hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become effective when each party shall have received a counterpart of such document signed by the other parties. The Parties agree that the delivery of this Agreement may be effected by means of an exchange of facsimile or electronically transmitted signatures.

7.3 Entire Agreement; Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7.4 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms of such illegal, invalid or unenforceable provision as may be possible.

7.5 Successors; Assignment; Amendments; Waivers.

(a) A Holder is permitted to transfer any of its rights only upon execution and delivery by the transferee of a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement, in which the transferee agrees to become a "Holder" for all purposes of this Agreement, except as otherwise provided in such joinder.

(b) No provision of this Agreement may be amended unless such amendment is approved in writing by the Corporate Taxpayer and the Holders. No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.

(c) All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the Parties and their respective successors, permitted assigns, heirs, executors, administrators and legal representatives. The Corporate Taxpayer shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporate Taxpayer, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporate Taxpayer would be required to perform if no such succession had taken place (except to the extent expressly provided by this Agreement and provided that, for the avoidance of doubt, if a Change in Control has occurred and an Early Termination Payment is required to be made then the Corporate Taxpayer's payment obligations shall be determined taking into account the provisions of ARTICLE IV).

7.6 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

7.7 Governing Law. This Agreement shall be governed by and interpreted and enforced in accordance with the Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Laws rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

7.8 Consent to Jurisdiction; Waiver of Jury Trial. Each Party irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (unless the Federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware, or the Court of Chancery of the State of Delaware does not have jurisdiction, in which case the Superior Court of the State of Delaware) for the purposes of any legal proceeding arising out of this Agreement, and agrees to commence any such legal proceeding only in such courts. Each Party further agrees that service of any process, summons, notice or document by United States registered mail to such Party's respective address set forth herein shall be effective service of process for any such legal proceeding. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any legal proceeding out of this Agreement in such courts, and hereby irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such legal proceeding brought in any such court has been brought in an inconvenient forum. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING OR COUNTERCLAIM (WHETHER AT LAW, IN EQUITY, BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

7 . 9 Reconciliation. In the event that the Corporate Taxpayer and the Holders' Representative are unable to resolve a disagreement with respect to the matters governed by ARTICLE II or ARTICLE IV within the relevant period designated in this Agreement ("Reconciliation Dispute"), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the "Expert") in the particular area of disagreement mutually acceptable to such Parties. The Expert shall be a partner or principal in a nationally recognized accounting or law firm, and (unless the Corporate Taxpayer and the Holders' Representative agree otherwise), the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporate Taxpayer or the Holders' Representative or their Affiliates or other actual or potential conflict of interest. If the Parties are unable to agree on an Expert within fifteen (15) calendar days of the end of the thirty (30) calendar-day period set forth in Sections 2.1 or 4.2, the Expert shall be appointed by the International Chamber of Commerce Centre for Expertise. The Expert shall resolve any matter relating to the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within fifteen (15) calendar days or, in each case, as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. If the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement), the undisputed amount shall be paid on the date prescribed by this Agreement, subject to adjustment upon resolution. For the avoidance of doubt, this Section 7.9 shall not restrict the ability of the Corporate Taxpayer or its Affiliates to determine when or whether to file or amend any Tax Return. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne equally by the Corporate Taxpayer and the Holders (on a pro rata basis based on relative proportion of all Early Termination Payments under this Agreement, measured by present value of payments due under this Agreement, using the present value calculation and assumptions described under Section 4.3(b) assuming for such purpose the Early Termination Date is the date the Reconciliation Dispute is resolved) participating in the Reconciliation Dispute. The Corporate Taxpayer may withhold payments under this Agreement to collect amounts due under the preceding sentence. Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of this Section 7.9 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.9 shall be binding on the Corporate Taxpayer and the Holders' Representative and/or its Affiliates, as applicable, participating in the Reconciliation Dispute and may be entered and enforced in any court having jurisdiction.

7.10 Withholding. The Corporate Taxpayer shall be entitled to deduct and withhold or cause to be deducted and withheld from any payment payable pursuant to this Agreement such amounts as the Corporate Taxpayer determines in good faith it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign tax Law, provided, that, (a) the Corporate Taxpayer shall use commercially reasonable efforts to notify any applicable Holder of its intent to withhold at least ten (10) Business Days prior to withholding such amounts and (b) except with respect to any withholding obligation resulting from any change in Law arising on or after the date hereof, the Corporate Taxpayer shall not withhold on account of U.S. federal income Taxes with respect to an applicable Holder

that provides (i) a properly prepared and executed certificate of non-foreign status under Treasury Regulations Section 1.1445-2(b)(2) and (ii) an IRS Form W-9 claiming a complete exemption from backup withholding.

To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Corporate Taxpayer, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to such Holder.

7.11 Admission of the Corporate Taxpayer into a Consolidated Group; Transfers of Corporate Assets.

(a) If the Corporate Taxpayer and its wholly owned Subsidiaries are or become members of a combined, consolidated, affiliated or unitary group that files a consolidated, combined or unitary income tax return pursuant to Sections 1501 *et seq.* of the Code or any corresponding provisions of state or local Law, then: (i) the provisions of this Agreement shall be applied with respect to the relevant group as a whole; and (ii) TRA Payments, Net Tax Benefit, Cumulative Net Realized Tax Benefit (Shared), Cumulative Net Realized Tax Benefit (Not Shared), Realized Tax Benefit or Detriment and other applicable items hereunder shall be computed with reference to the consolidated (or combined or unitary, where applicable) taxable income, gain, loss, deduction and attributes of the relevant group as a whole.

(b) If any entity that is or may be obligated to make a TRA Payment, or any entity any portion of the income of which is included in the income of the Corporate Taxpayer's consolidated, combined, affiliated or unitary group, directly or indirectly transfers (as determined for U.S. federal income tax purposes) one or more assets to a Person classified as a corporation for U.S. income tax purposes with which such entity does not file a consolidated income tax return pursuant to Section 1501 *et seq.* of the Code (or, for purposes of calculations relating to state or local taxes, a consolidated, combined or unitary income tax return under applicable state or local Law), such entity, for purposes of calculating the amount of any TRA Payment (*e.g.*, calculating the gross income of the entity and, if applicable, determining the Realized Tax Benefit (Shared) or the Realized Tax Benefit (Not Shared) of such entity) due hereunder, shall be treated as having disposed of such asset in a fully taxable transaction on the date of such transfer. The consideration deemed to be received by such entity shall be equal to the fair market value of the transferred asset, increased by the amount of debt that would increase the transferor's "amount realized" for U.S. federal income tax purposes in connection with such transfer, in the case of a contribution of an encumbered asset (including an interest in an entity classified for U.S. federal income tax purposes as a partnership which has debt outstanding). For the avoidance of doubt, a transaction treated for U.S. federal income tax purposes as a liquidation into the Corporate Taxpayer of one or more of its wholly owned Subsidiaries or merger of one or more of such entities into one another or the Corporate Taxpayer will not cause any such Persons to be treated as having disposed of any of its assets for purposes of this Section 7.11(b). In the event there occurs a transaction described in the preceding sentence, the Tax Benefit Payments and any other amounts due under this Agreement shall be calculated without regard to such transaction.

7.12 Confidentiality. Each Holder and each of its assignees acknowledge and agree that the information of the Corporate Taxpayer is confidential and agrees that, until the date that is three (3) years after the termination of this Agreement in respect of such Holder (or assignee), such Holder (or assignee) shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters acquired pursuant to this Agreement of the Corporate Taxpayer and its Affiliates and successors, learned by the Holder heretofore or hereafter, except in the course of performing any duties as necessary for the Corporate Taxpayer and its Affiliates, as required by Law or legal process or to enforce the terms of this Agreement. This Section 7.12 shall not apply to (a) any information that has been made publicly available by the Corporate Taxpayer or any of its Affiliates, becomes public knowledge (except as a result of an act of the Holder in violation of this Agreement) or is generally known to the business community, (b) any information independently determined by a Holder or provided to a Holder by a third party on a non-confidential basis and (c) the disclosure of information to the extent necessary for the Holder to prepare and file its Tax Returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any Taxing Authority with respect to such Tax Returns. Notwithstanding anything to the contrary herein or in any other agreement, the Holders and each of their assignees (and each employee, representative or other agent of the Holders or their assignees, as applicable) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure and any related tax strategies of or relating to the Corporate Taxpayer and its Affiliates, the Holder or its assignee, and any of their transactions or agreements, and all materials of any kind (including opinions or other tax analyses) that are provided to the Holder or its assignee relating to such tax treatment and tax structure and any related tax strategies.

If a Holder or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.12, the Corporate Taxpayer and its Affiliates shall have the right and remedy to have the provisions of this Section 7.12 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporate Taxpayer or its Affiliates and the accounts and funds managed by the Corporate Taxpayer and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

7.13 Change in Law. Notwithstanding anything herein to the contrary, if, in connection with an actual or proposed change in Law, a Holder reasonably believes that the existence of this Agreement could cause income (other than income arising from receipt of a payment under this Agreement) recognized by such Holder (or its direct or indirect owners) to be treated as ordinary income rather than capital gain (or otherwise taxed at ordinary income rates) for U.S. federal income tax purposes or could have other material adverse tax consequences to such Holder (or its direct or indirect owners), then at the election of such Holder and the receipt by such Holder of the written consent of the Corporate Taxpayer (such consent not to be unreasonably withheld, conditioned or delayed) and to the extent specified by such Holder, this Agreement shall cease to have further effect with respect to such Holder.

7.14 Independent Nature of Holders' Rights and Obligations. The rights and obligations of each Holder are independent of the rights and obligations of any other Holder. No



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Holder shall be responsible in any way for the performance of the obligations of any other Holder, nor shall any Holder have the right to enforce the rights or obligations of any other Holder. The obligations of each Holder are solely for the benefit of, and shall be enforceable solely by, the Corporate Taxpayer. The decision of each Holder to enter into this Agreement has been made by such Holder independently of any other Holder. Nothing contained herein or in any other agreement or document delivered at any closing (other than the Hostess Holdings A&R LPA and any joinder thereto), and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such rights or obligations or the transactions contemplated hereby, and the Corporate Taxpayer acknowledges that the Holders are not acting in concert or as a group and will not assert any such claim with respect to such rights or obligations or the transactions contemplated hereby.

7.15 Hostess Agreements. This Agreement shall be treated as part of the Hostess Agreements as described in Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations.

*[Signature page follows]*

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first written above.

**CORPORATE TAXPAYER:**

Gores Holdings, Inc.

By: \_\_\_\_\_  
Name:  
Title:

**HOLDERS:**

Hostess CDM Co-Invest, LLC

By: \_\_\_\_\_  
Name:  
Title:

CDM Hostess Class C, LLC

By: \_\_\_\_\_  
Name:  
Title:

AP Hostess Holdings, L.P.

By: \_\_\_\_\_  
Name:  
Title:

C. Dean Metropoulos

By: \_\_\_\_\_

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**EXHIBIT A**

**Form of Joinder to the Tax Receivable Agreement**

This JOINDER (this “Joinder”) to the Tax Receivable Agreement (as defined below), dated as of [●], by and among Gores Holdings, Inc., a Delaware corporation (the “Corporate Taxpayer”), and [●] (the “Permitted Transferee”).

WHEREAS, on [●], the Permitted Transferee acquired (the “Acquisition”) from [●] (the “Transferor”) the right to receive any and all payments that may become due and payable to the Transferor under the Tax Receivable Agreement (as defined below) with respect to Interests that have been Exchanged or may in the future be Exchanged (the “Applicable Interests”); and WHEREAS, the Transferor, in connection with the Acquisition, has required the Permitted Transferee to execute and deliver this Joinder pursuant to Section 7.5 of the Tax Receivable Agreement, dated as of [●], 2016, by and between the Corporate Taxpayer, the Holders (as defined therein) (the “Tax Receivable Agreement”).

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Permitted Transferee hereby agrees as follows:

Section 1.1. Definitions. To the extent capitalized words used in this Joinder are not defined in this Joinder, such words have the respective meanings set forth in the Tax Receivable Agreement.

Section 1.2. Joinder. The Permitted Transferee hereby acknowledges and agrees to become a “Holder” (as defined in the Tax Receivable Agreement) for all purposes of the Tax Receivable Agreement with respect to the Applicable Interests.

Section 1.3. Notice. Any notice, request, consent, claim, demand, approval, waiver or other communication hereunder to the Permitted Transferee shall be delivered or sent to the Permitted Transferee at the address set forth on the signature page hereto in accordance with Section 7.1 of the Tax Receivable Agreement.

Section 1.4. Governing Law. This Joinder shall be governed by and interpreted and enforced in accordance with the Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Laws rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

*[Signature page follows]*

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IN WITNESS WHEREOF, the undersigned have duly executed this Joinder as of the date first above written.

**CORPORATE TAXPAYER:**

Gores Holdings, Inc.

By: \_\_\_\_\_  
Name:  
Title:

**PERMITTED TRANSFEREE:**

[•]

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page to Joinder to Tax Receivable Agreement]

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**SCHEDULE 1**

**Participation Percentages**

<b>Holder</b>	<b>Participation Percentage</b>
Hostess CDM Co-Invest	47.50%
CDM Hostess	5.00%
AP Hostess LP	47.50%
CDM	0.00%



**HOSTESS BRANDS, MAKER OF TWINKIES®,  
ANNOUNCES SALE AGREEMENT WITH  
GOES HOLDINGS, INC.**

***Transaction Introduces Hostess as a  
Publicly Listed Company***

**FOR IMMEDIATE RELEASE**

**LOS ANGELES, CA, July 5, 2016** – Hostess Brands, LLC (“Hostess” or the “Company”), the maker of Hostess® Twinkies®, Ding Dongs® and CupCakes, announced it has entered into a definitive agreement with Gores Holdings, Inc. (“Gores Holdings”) (NASDAQ CM: GRSHU, GRSH, GRSHW), a special purpose acquisition company sponsored by an affiliate of The Gores Group, LLC (“The Gores Group” or “Gores”). This transaction will introduce Hostess as a publicly listed company, with an anticipated initial enterprise value of approximately \$2.3 billion or 10.4x the Company’s estimated 2016 Adjusted EBITDA of approximately \$220 million.

Along with the \$375 million of cash held in Gores Holdings’ trust account, additional investors have committed to participate via \$350 million private placement, led by Alec Gores, Chairman and CEO of The Gores Group, and comprising large institutional investors, C. Dean Metropoulos (via \$50 million of additional rollover contribution), and Gores affiliates.

Funds managed by affiliates of Apollo Global Management, LLC (together with its consolidated subsidiaries, “Apollo”) (NYSE: APO) and C. Dean Metropoulos and family, the current majority owners of Hostess, expect to hold an approximately 42% combined stake in Gores Holdings upon completion of the transaction. Dean Metropoulos and William Toler will continue to lead the Company as Executive Chairman and Chief Executive Officer, respectively. This transaction better enables Hostess to continue executing on its long-term growth plan by providing greater access to capital to fund future innovation and acquisitions.

“I have enjoyed working together with Apollo to build a vibrant and exciting company, and we are pleased to partner with the Gores Holdings team as we move to the next stage of Hostess’ growth and expansion,” stated Dean Metropoulos. “We look forward to continuing both our strong organic growth through unique innovations and niche, strategic acquisitions, such as our recent acquisition of Superior Baking, which will extend Hostess’ consumer reach in the ‘in-store bakery’ market and expand offerings to customers.”

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“This new phase in Hostess’ evolution and partnership with The Gores Group and our broader investor partners will continue to propel Hostess into a growing and innovative company with significant reach and potential long into the future,” he added. “We are very excited to continue to build this wonderful company and its iconic brands.”

Alec Gores, Chairman and CEO of The Gores Group, said, “We are pleased to partner with Dean, Bill and Apollo to introduce Hostess as a publicly listed company. We have evaluated a number of potential acquisitions for Gores Holdings and believe this transaction offers a superior option for our stockholders. Hostess presents a unique opportunity to invest in an iconic brand with strong fundamentals that is poised for continued growth. We look forward to working with the team at Hostess as we collaborate to further capitalize on these attractive growth prospects.”

Andy Jhavar, Senior Partner and Head of the Consumer and Retail Group at Apollo said, “We are extremely proud of all that we have accomplished together since we acquired these assets out of liquidation in 2013 and rebuilt the company into the great platform business it is today. Hostess possesses exciting continued organic top-line growth potential and is one of the highest EBITDA margin and cash generative food platforms in the U.S. We look forward to continuing our partnership with Dean and Bill, along with the team at Gores, to further grow and build Hostess.”

Hostess was founded in 1919 with the introduction of the Hostess CupCake to the American public. In 1930, Twinkies were introduced, which was an event many say changed the snack cake world. Today, Hostess Brands produces a variety of new and classic treats including Ding Dongs®, Ho Hos®, Donettes® and Fruit Pies, in addition to Twinkies and CupCakes. Hostess had revenues for the twelve months ended May 31, 2016 of approximately \$650 million and operates three baking facilities located in Emporia, KS, Indianapolis, IN and Columbus, GA. The Company has a competitively advantaged business model and Direct-to-Warehouse distribution system, and an experienced management team with a successful track record in both relaunching and growing businesses.

### **Key Transaction Terms**

The transaction will be effected pursuant to the Master Transaction Agreement entered into by and among Gores Holdings, the sellers and the other parties thereto, Concurrently with the consummation of the transaction, additional investors will purchase shares of common stock of Gores Holdings in a private placement. After giving effect to any redemptions by the public stockholders of Gores Holdings, the balance of the approximately \$375 million in cash held in Gores Holdings’ trust account, together with the \$350 million in private placement proceeds (which include \$50 million of additional rollover consideration from C. Dean Metropoulos), will be used to pay the sellers cash consideration, pay transaction expenses and repay a portion of the Company’s existing indebtedness to 4.5x 2016 Adjusted EBITDA. The remainder of the consideration payable to the sellers will consist of shares of Gores Holdings common stock.

In order to facilitate the transaction, Gores Holdings’ sponsor has agreed to the cancellation of a portion of the 9,375,000 founder shares and the acquisition of shares of common stock of Gores Holdings by the sellers under the Master Transaction

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Agreement and in the private placement at a discount. In addition, the shares of Gores Holdings common stock received by the sellers in the transaction (other than certain rollover shares held by C. Dean Metropoulos) will be restricted from trading for at least 180 days following the completion of the transaction.

As part of the transaction, Gores Holdings will also enter into a tax receivable agreement with the sellers, which will provide for the sharing of tax benefits relating to pre-transaction combination tax attributes and tax attributes generated by the transaction as those attributes are realized by Gores Holdings.

The transaction has been unanimously approved by the boards of directors of both Gores Holdings and Hostess, and is expected to close in the third quarter of 2016, subject to the receipt of regulatory approval, and approval of the stockholders of Gores Holdings. Upon closing of the transaction, the name of the Company will be changed to Hostess Brands, Inc.

Deutsche Bank Securities Inc. acted as lead capital markets advisor, along with Moelis & Company and Morgan Stanley, and financial advisor and Weil, Gotshal & Manges LLP acted as legal advisor to Gores Holdings. Rothschild & Co., Credit Suisse and Perella Weinberg Partners acted as M&A advisors to Hostess. Morgan, Lewis & Bockius acted as legal advisor to Apollo. Paul, Weiss, Rifkind, Wharton & Garrison acted as legal advisor and UBS acted as financial advisor to C. Dean Metropoulos and his family.

#### **Conference Call Information**

At 1:00 pm EDT on July 5, 2016, Gores Holdings will be holding an investor conference call to discuss the transaction. For those who wish to participate, the domestic toll-free access number is (855) 729-4767 and the international toll-free access number is (615) 489-8573. Once connected with the operator, please provide the Conference ID number of 42925543 and request access to the Gores Holdings and Hostess Brands Investor Call.

A replay of the call will also be available from 5:00 pm EDT on July 5, 2016 to 11:59 pm EDT on July 12, 2016. To access the replay, the domestic toll-free access number is (866) 247-4222 and participants should provide the Conference ID number of 42925543 and request access to the Gores Holdings and Hostess Brands Investor Call.

#### **About Hostess Brands, LLC**

Hostess Brands, LLC is one of the largest packaged food companies focused on developing, manufacturing, marketing, selling and distributing fresh baked sweet goods in the United States. For more information about Hostess products and Hostess Brands, LLC, please visit [hostesscakes.com](http://hostesscakes.com). Follow Hostess on Twitter: [@Hostess\\_Snacks](https://twitter.com/Hostess_Snacks); on Facebook: [facebook.com/Hostess](https://facebook.com/Hostess); on Instagram: [Hostess\\_Snacks](https://pinterest.com/hostesscakes); and on Pinterest: [pinterest.com/hostesscakes](https://pinterest.com/hostesscakes).

#### **About Gores Holdings, Inc.**

Gores Holdings is a special purpose acquisition company sponsored by an affiliate of The Gores Group, for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. Gores Holdings completed its initial public offering in August 2015, raising approximately \$375 million in cash proceeds. Gores Holding's officers and



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certain of its directors are affiliated with The Gores Group. Founded in 1987 by Alec Gores, The Gores Group is a global investment firm focused on acquiring controlling interests in mature and growing businesses which can benefit from the firm's operating experience and flexible capital base. Over its 25 year history, The Gores Group has become a leading investor having demonstrated a reliable track record of creating value in its portfolio companies alongside management. Headquartered in Los Angeles, The Gores Group maintains offices in Boulder, CO, and London. For more information, please visit [www.gores.com](http://www.gores.com).

#### **About Apollo**

Apollo (NYSE: APO) is a leading global alternative investment manager with offices in New York, Los Angeles, Houston, Chicago, Bethesda, Toronto, London, Frankfurt, Madrid, Luxembourg, Singapore, Mumbai, Delhi, Shanghai and Hong Kong. Apollo had assets under management of approximately \$173 billion as of March 31, 2016, in private equity, credit and real estate funds invested across a core group of nine industries where Apollo has considerable knowledge and resources. For more information about Apollo, please visit [www.agm.com](http://www.agm.com).

#### **About Metropoulos & Co.**

Metropoulos & Co. is a merchant banking and management firm focused principally on the food and consumer sectors in the United States and Europe. C. Dean Metropoulos and his management team partners have been involved in more than 81 acquisitions with over \$12 billion of aggregate transaction value. Companies where Metropoulos & Co. has been an investor and Metropoulos has been an executive include: Pabst Brewing Company, Pinnacle Foods, Aurora Foods, Stella Foods, The Morningstar Group, International Home Foods, Ghirardelli Chocolates, Mumm and Perrier Jouet Champagnes and Hillsdown Holdings, PLC (Premier International Foods, Burtons Biscuits and Christie Tyler Furniture), among others.

#### **Forward-Looking Statements**

This press release may contain a number of "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning Gores Holdings' or Hostess' possible or assumed future results of operations, business strategies, competitive position, industry environment, potential growth opportunities and the effects of regulation, including whether this transaction will generate returns for stockholders. These forward-looking statements are based on Gores Holdings' or Hostess' management's current expectations, estimates, projections and beliefs, as well as a number of assumptions concerning future events. When used in this press release, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside Gores Holdings' or Hostess' management's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks, uncertainties, assumptions and other important factors include, but are not limited to: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the Master Transaction Agreement and the proposed business

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combination contemplated thereby; (2) the inability to complete the transaction contemplated by the Master Transaction Agreement due to the failure to obtain approval of the stockholders of Gores Holdings or other conditions to closing in the Master Transaction Agreement; (3) the ability to meet NASDAQ's listing standards following the consummation of the transaction contemplated by the Master Transaction Agreement; (4) the risk that the proposed transaction disrupts current plans and operations of Hostess as a result of the announcement and consummation of the transaction described herein; (5) the ability to recognize the anticipated benefits of the proposed business combination, which may be affected by, among other things, competition, the ability of the combined company to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its management and key employees; (6) costs related to the proposed business combination; (7) changes in applicable laws or regulations; (8) the possibility that Hostess may be adversely affected by other economic, business, and/or competitive factors; and (9) other risks and uncertainties indicated from time to time in the final prospectus of Gores Holdings, including those under "Risk Factors" therein, and other documents filed or to be filed with the Securities and Exchange Commission ("SEC") by Gores Holdings.

Forward-looking statements included in this release speak only as of the date of this release. Neither Gores Holdings nor Hostess undertakes any obligation to update its forward-looking statements to reflect events or circumstances after the date of this release. Additional risks and uncertainties are identified and discussed in Gores Holdings' reports filed with the SEC and available at the SEC's website at [www.sec.gov](http://www.sec.gov).

**Additional Information about the Business Combination and Where to Find It**

Gores Holdings intends to file with the SEC a preliminary proxy statement of Gores Holdings in connection with the proposed business combination and will mail a definitive proxy statement and other relevant documents to its stockholders. This press release does not contain all the information that should be considered concerning the business combination. It is not intended to provide the basis for any investment decision or any other decision in respect to the proposed business combination. Gores Holdings' stockholders and other interested persons are advised to read, when available, the preliminary proxy statement, the amendments thereto, and the definitive proxy statement in connection with Gores Holdings' solicitation of proxies for the special meeting to be held to approve the business combination, as these materials will contain important information about Hostess and Gores Holdings and the proposed business combination. The definitive proxy statement will be mailed to the stockholders of Gores Holdings as of a record date to be established for voting on the business combination. Such stockholders will also be able to obtain copies of the proxy statement, without charge, once available, at the SEC's website at <http://www.sec.gov>, or by directing a request to: Gores Holdings, 9800 Wilshire Boulevard, Beverly Hills, CA 90212, attention: Jennifer Kwon Chou ([jchou@gores.com](mailto:jchou@gores.com)).

**Participants in the Solicitation**

Gores Holdings and its directors and officers may be deemed participants in the solicitation of proxies of Gores Holdings stockholders in connection with the proposed business combination. Gores Holdings stockholders and other interested persons may obtain, without charge, more detailed information regarding the directors and officers of Gores Holdings in Gores Holdings' Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which was filed with the SEC on March 16, 2016.

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Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to Gores Holdings stockholders in connection with the proposed transaction will be set forth in the proxy statement for the transaction when available. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed transaction will be included in the proxy statement that Gores Holdings intends to file with the SEC.

**For inquiries regarding The Gores Group and affiliates, please contact:**

Jennifer Kwon Chou  
Managing Director, Head of Investor Relations  
The Gores Group  
310-209-3010  
jchou@gores.com

Mike Sitrick  
Sitrick & Company  
310-432-4150  
Mike\_Sitrick@sitrick.com

**For investor inquiries regarding Apollo Global Management, please contact:**

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Noah Gunn  
Investor Relations Manager  
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**For media inquiries regarding Apollo Global Management, please contact:**

Charles Zehren  
Rubenstein Associates, Inc. for Apollo Global Management, LLC  
212-843-8590  
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**For media inquiries regarding Hostess Brands, Dean Metropoulos or Metropoulos & Co., please contact:**

Hannah Arnold  
LAK Public Relations, Inc.  
212-575-4545  
harnold@lakpr.com



**THE  
ORIGINAL.**

**GORES HOLDINGS – HOSTESS  
TRANSACTION ANNOUNCEMENT**

July 2016



**GORES HOLDINGS**

# DISCLAIMER

This investor presentation ("Investor Presentation") is for informational purposes only and does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation to purchase any equity, debt or other financial instruments of Hostess Holdings, L.P. ("Hostess") or Gores Holdings, Inc. ("Gores") or any of Hostess' or Gores' affiliates' securities (as such term is defined under the U.S. Federal Securities Law). This investor presentation has been prepared to assist interested parties in making their own evaluation with respect to the proposed business combination, as contemplated in the Master Transaction Agreement (collectively, the "Business Combination"), of Hostess and Gores and for no other purpose. The information contained herein does not purport to be all-inclusive. The data contained herein is derived from various internal and external sources. No representation is made as to the reasonableness of the assumptions made within or the accuracy or completeness of any projections, modeling or back-testing or any other information contained herein. All levels, prices and spreads are historical and do not represent current market levels, prices or spreads, some or all of which may have been changed since the issuance of this document. Any data on past performance, modeling or back-testing contained herein is not an indication as to future performance. Hostess and Gores assume no obligation to update the information in this Investor Presentation.

#### Use of Projections

This Investor Presentation contains financial forecasts with respect to Hostess' estimated net revenues, gross profit, Adjusted EBITDA and Adjusted EBITDA Margin for Hostess' fiscal years 2016 and 2017. Neither Gores' independent auditors, nor the independent registered public accounting firm of Hostess, audited, reviewed, compiled, or performed any procedures with respect to the projections for the purpose of their inclusion in this Investor Presentation, and accordingly, neither of them expressed an opinion or provided any other form of assurance with respect thereto for the purpose of this Investor Presentation. These projections should not be relied upon as being necessarily indicative of future results.

In this Investor Presentation, certain of the above-mentioned estimated information has been repeated (in each case, with an indication that the information is an estimate and is subject to the qualifications presented herein), for purposes of providing comparisons with historical data. The assumptions and estimates underlying the prospective financial information are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of Gores or Hostess or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this Investor Presentation should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

#### Forward Looking Statements

This Investor Presentation includes "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "forecast," "intend," "seek," "target," "anticipate," "believe," "expect," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such forward looking statements include estimated financial information. Such forward looking statements with respect to revenues, earnings, performance, strategies, prospects and other aspects of the businesses of Gores, Hostess or the combined company after completion of the Business Combination are based on current expectations that are subject to risks and uncertainties. A number of factors could cause actual results or outcomes to differ materially from those indicated by such forward looking statements. These factors include, but are not limited to: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the Master Transaction Agreement and the proposed business combination contemplated thereby; (2) the inability to complete the transactions contemplated by the Master Transaction Agreement due to the failure to obtain approval of the stockholders of Gores or other conditions to closing in the Master Transaction Agreement; (3) the ability to meet NASDAQ's listing standards following the consummation of the transactions contemplated by the Master Transaction Agreement; (4) the risk that the proposed transaction disrupts current plans and operations of Hostess as a result of the announcement and consummation of the transactions described herein; (5) the ability to recognize the anticipated benefits of the proposed Business Combination, which may be affected by, among other things, competition, the ability of the combined company to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its management and key employees; (6) costs related to the proposed Business Combination; (7) changes in applicable laws or regulations; (8) the possibility that Hostess may be adversely affected by other economic, business, and/or competitive factors; and (9) other risks and uncertainties indicated from time to time in the final prospectus of Gores, including those under "Risk Factors" therein, and other documents filed or to be filed with the Securities and Exchange Commission ("SEC") by Gores. You are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Gores and Hostess undertake no commitment to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

#### Industry and Market Data

In this Investor Presentation, Hostess relies on and refers to information and statistics regarding market shares in the sectors in which it competes and other industry data. Hostess obtained this information and statistics from third-party sources, including reports by market research firms, such as Nielsen. Hostess has supplemented this information where necessary with information from discussions with Hostess customers and its own internal estimates, taking into account publicly available information about other industry participants and Hostess' management's best view as to information that is not publicly available.

#### Use of Non-GAAP Financial Measures

This Investor Presentation includes non-GAAP financial measures, including earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), Adjusted EBITDA Margin and Free Cash Flow. In this Investor Presentation, Adjusted EBITDA and Adjusted EBITDA Margin exclude certain add-backs. Adjusted EBITDA Margin represents Adjusted EBITDA divided by total revenues. Free Cash Flow conversion is defined as Adjusted EBITDA minus capital expenditures divided by Adjusted EBITDA. You can find the reconciliation of these measures to the nearest comparable GAAP measures elsewhere in this Investor Presentation. Except as otherwise noted, all references herein to full-year periods refer to Hostess' fiscal year, which ends on December 31.

Hostess believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Hostess' financial condition and results of operations. Hostess' management uses these non-GAAP measures to compare Hostess' performance to that of prior periods for trend analyses, for purposes of determining management incentive compensation, and for budgeting and planning purposes. These measures are used in monthly financial reports prepared for management and Hostess' board of directors.

Hostess believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. Management of Hostess does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP.

Other companies may calculate Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow and other non-GAAP measures differently, and therefore Hostess' Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow and other non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

#### Additional Information

In connection with the proposed Business Combination between Hostess and Gores, Gores intends to file with the SEC a preliminary proxy statement and will mail a definitive proxy statement and other relevant documentation to Gores stockholders. This Investor Presentation does not contain all the information that should be considered concerning the proposed Business Combination. It is not intended to form the basis of any investment decision or any other decision in respect to the proposed Business Combination. Gores stockholders and other interested persons are advised to read, when available, the preliminary proxy statement and any amendments thereto, and the definitive proxy statement in connection with Gores' solicitation of proxies for the special meeting to be held to approve the transactions contemplated by the proposed Business Combination because these materials will contain important information about Hostess, Gores and the proposed transactions. The definitive proxy statement will be mailed to Gores stockholders as of a record date to be established for voting on the proposed Business Combination when it becomes available. Stockholders will also be able to obtain a copy of the preliminary proxy statement and definitive proxy statement once they are available, without charge, at the SEC's website at <http://sec.gov> or by directing a request to: Gores Holdings, Inc., c/o The Gores Group LLC, 9800 Wilshire Boulevard, Beverly Hills, CA 90212, attention: Jennifer Kwon Chou ([jchou@gores.com](mailto:jchou@gores.com)).

This Investor Presentation shall not constitute a solicitation of a proxy, consent or authorization with respect to any securities or in respect of the proposed Business Combination.

#### Participants in the Solicitation

Gores and its directors and officers may be deemed participants in the solicitation of proxies of Gores stockholders in connection with the proposed Business combination. Gores stockholders and other interested persons may obtain, without charge, more detailed information regarding the directors and officers of Gores in Gores' Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which was filed with the SEC on March 16, 2016. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to Gores stockholders in connection with the proposed transaction will be set forth in the proxy statement for the transaction when available. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed transaction will be included in the proxy statement that Gores intends to file with the SEC.

# PRESENTERS

## Hostess



**Dean Metropoulos**  
Executive Chairman

- Executive Chairman of Hostess
- Founder and Executive Chairman of Metropoulos & Co.
- More than 30 years of successful experience revamping iconic brands throughout the consumer space
- Strong track record of growing revenues, reducing costs and enhancing capital efficiency of portfolio companies



**Bill Toler**  
President & CEO

- President and CEO of Hostess
- Former CEO and President of AdvancePierre Foods and former President of Pinnacle Foods
- More than 30 years of executive experience in the food and consumer sector
- Proven track record for brand growth, strategic planning and operations



## Gores Holdings



**Alec Gores**  
Sponsor / Director

- Chairman of Gores Holdings
- Founder, Chairman and Chief Executive Officer of The Gores Group
- More than 35 years of experience as an entrepreneur, operator and private equity investor
- Has invested in more than 100 portfolio companies through varying macroeconomic environments

THE GORES GROUP  
GORES HOLDINGS



**Mark Stone**  
Sponsor / Director

- Chief Executive Officer of Gores Holdings
- Member of The Gores Group's investment committee and responsible for Gores' worldwide operations team
- Key participant in numerous Gores' turnaround, value-oriented investments over his tenure
- Served on the Board of many portfolio companies of The Gores Group

THE GORES GROUP  
GORES HOLDINGS

# LONG-TERM SPONSORSHIP FROM PREMIER INVESTORS

## The Gores Group / Gores Holdings, Inc.

- Gores Holdings, Inc. is sponsored by an affiliate of The Gores Group, a global private equity firm with 28-year track record of operational investing
- Since 1987, Gores has acquired and operated 110 companies
- Management team has over 80 years of combined operational, financial, investment and transactional experience
- Representative investing experience:



## Apollo Global Management

- Leading global alternative investment manager in private equity, credit and real estate with over \$170bn in assets under management
- Opportunistic, value-oriented investment approach across market cycles and capital structures
- Representative consumer expertise:



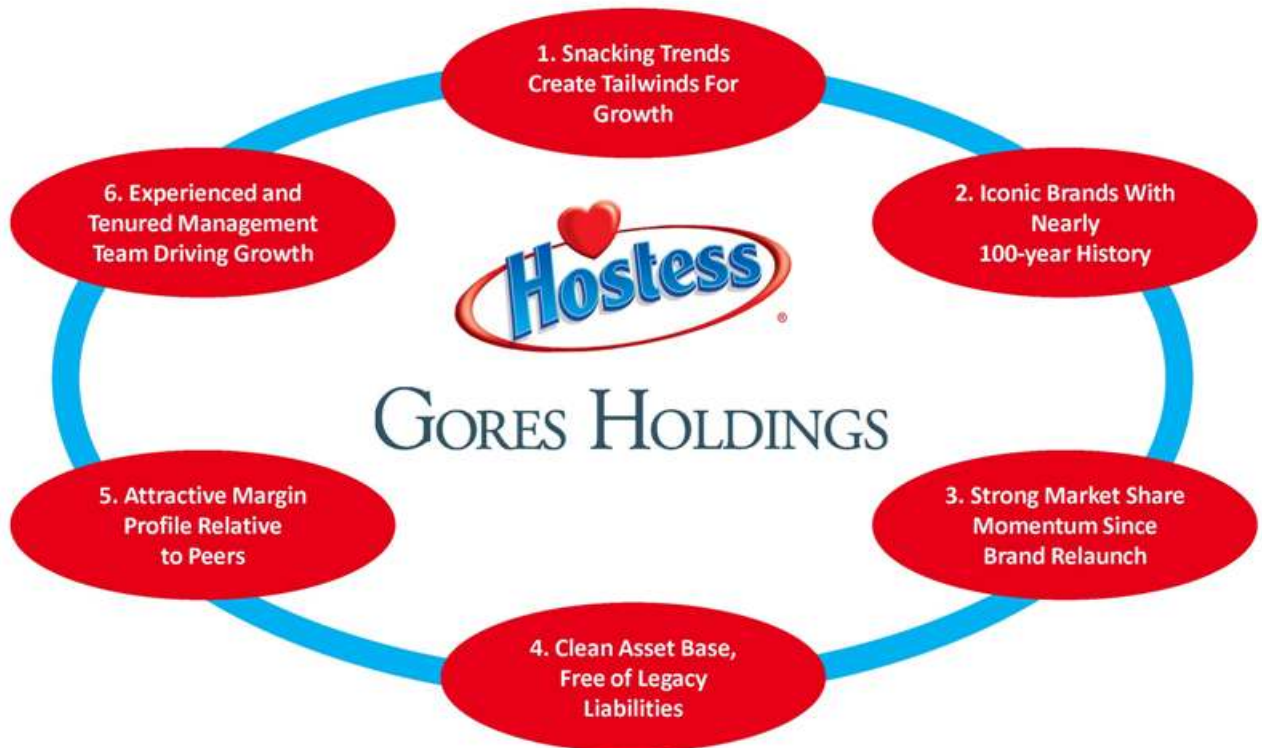
## Dean Metropoulos: Storied Investor with a History of Turnaround Success

- Thought leader and brand revival specialist with deep investing, restructuring and operating experience
- History of value creation, with over 30 years of partnerships with a number of the major private equity firms to successfully rebuild some of the most well known brands in the consumer space, including:



# HOSTESS – THE OPPORTUNITY

Hostess is a \$1bn brand at Retail with upside potential





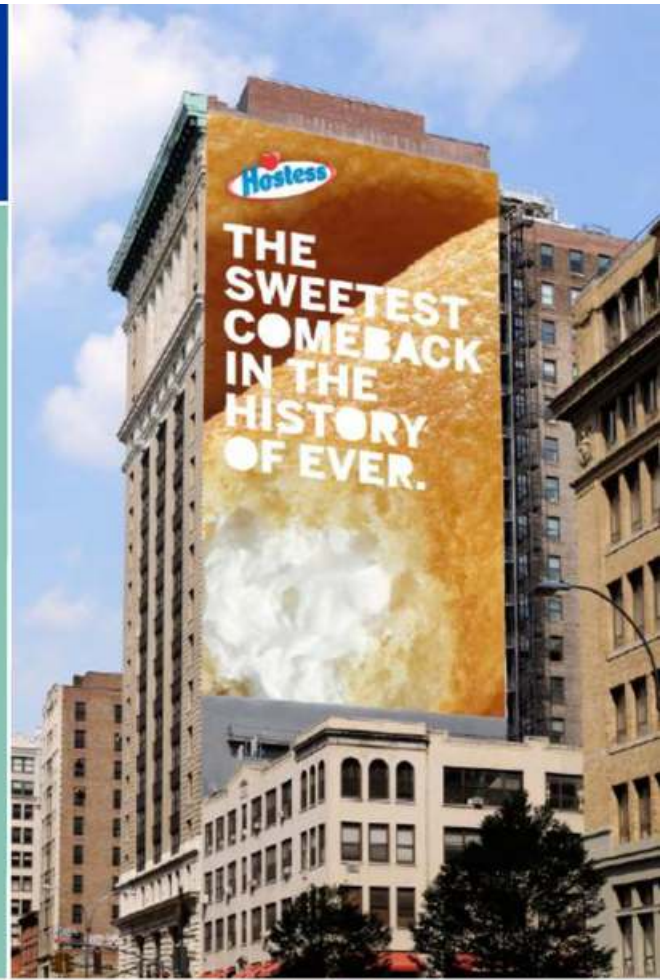
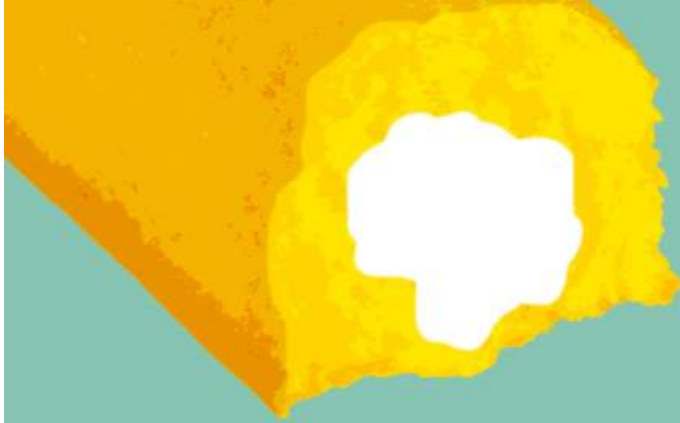


days  
left  
#twinkies  
#firstbatch

THE  
SWEETEST  
COMEBACK  
IN THE HISTORY OF  
EVER.



AN  
ICON  
RETURNS



## I. BUSINESS OVERVIEW

GORES HOLDINGS 

# KEY INVESTMENT THEMES

- **Hostess business transformed through competitively advantaged Direct to Warehouse (“DTW”) model enabled by Extended Shelf Life (“ESL”) technology**
- **Aggressive capital investment drove optimization of manufacturing, distribution and implementation of highly analytical IT systems**
- **Strong customer support – Hostess brand driving Sweet Baked Goods (“SBG”) category growth while providing retailers both the premium brand consumers want and the penny profit potential**
- **The growth potential of this platform is strong and expanding**
  - Innovation and Brand extensions – Flavors, Forms, Packaging, Bread, Premium, Better For You
  - ESL platform extensions
  - In-Store Bakery, Foodservice, Frozen Retail and International opportunities largely untapped
  - Recent acquisition of Superior Cake Products (“Superior”) to accelerate development in ISB
- **Best-in-class financial metrics**
  - Growth – Sustaining strong top-line growth
  - Adj. EBITDA margins – Industry leading ~30%
  - 85%+ Adj. EBITDA to FCF conversion<sup>1</sup> by 2017
  - Clean balance sheet – No legacy issues

**Hostess is a \$1bn brand at Retail with upside potential**

# COMPELLING GROWTH STORY



Notes: Hostess data does not include Superior.

1 Harmon Atchison study (2014).

2 Nielsen U.S. total universe, 52 week data as of 5/21/2016.

3 Nielsen U.S. total universe, 4 week data as of 5/21/2016.

4 Nielsen U.S. total universe, 52 weeks ending 5/23/2015 and 5/21/2016.

# BRAND STRENGTH DRIVING GROWTH AND CATEGORY

## Special emotional relationship with consumers

U.S. consumers share a special emotional relationship with the 96 year old Hostess, a brand that defines the rapidly growing "Indulgent Snacking" trend



## Premium price point<sup>1</sup>

Hostess products sell at a premium to the competition and the gap continues to widen



## Leading category growth

Hostess has contributed over 70% of the SBG category's growth during recent 52 weeks



Notes: Hostess data does not include Superior.

1 Nielsen U.S. total universe, 52 weeks ending 5/21/16.

2 Nielsen U.S. total universe, 12 weeks ending 7/12/13.

3 Nielsen U.S. total universe, since Hostess relaunch (July 2013).

4 Nielsen U.S. 52 weeks ending 5/23/15 and 5/21/16.

5 Hostess market share by channel, Nielsen U.S. 52 weeks ending 10/27/2012, 12/27/14, 12/25/15, and 5/21/16. Market share based on retail sales dollars.

## Strong growth momentum<sup>5</sup>

Despite two years of rapid gains, Hostess still has room to grow



# CLEAN ASSET BASE, FREE OF LEGACY LIABILITIES

- Acquired strategic assets that were free and clear from substantially all preexisting liabilities, contracts, deferred tax and other "legacy" issues
- Apollo and Metropoulos & Co. have invested over \$130 million in baking facility upgrades, operational efficiencies, and production footprint optimization

	OldCo <sup>1</sup>	Hostess today (excluding Superior)
Financial	<ul style="list-style-type: none"> <li>■ Annual sales of approximately \$1.0 billion<sup>2</sup></li> <li>■ Negative EBITDA margins</li> </ul>	<ul style="list-style-type: none"> <li>■ 2015A sales \$621 million</li> <li>■ ~29% 2015A Adj. EBITDA margin</li> </ul>
Bakeries	<ul style="list-style-type: none"> <li>■ 11 dedicated bakeries</li> <li>■ 54% capacity utilization</li> <li>■ \$9.38 cost per case<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>■ 3 bakeries</li> <li>■ ~80% capacity utilization</li> <li>■ \$7.76 cost per case<sup>3</sup></li> <li>■ Fully integrated ERP</li> </ul>
Products	<ul style="list-style-type: none"> <li>■ 150 products</li> <li>■ 26-day average shelf life</li> </ul>	<ul style="list-style-type: none"> <li>■ 90 products – simplified operation</li> <li>■ 65-day average shelf life</li> </ul>
Transportation & Distribution	<ul style="list-style-type: none"> <li>■ Direct-to-Store-Distribution</li> <li>■ 5,500+ employee-driven routes;</li> <li>■ Transportation &amp; Distribution ("T&amp;D") cost<sup>4</sup> = 34% of sales</li> <li>■ Reach limited by contracts</li> </ul>	<ul style="list-style-type: none"> <li>■ Direct-to-Warehouse distribution</li> <li>■ Third party distribution in partnership with key providers</li> <li>■ T&amp;D cost<sup>4</sup> of ~16% of sales</li> <li>■ No contractual limit on reach</li> <li>■ Full SAP capability</li> </ul>
Workforce	<ul style="list-style-type: none"> <li>■ Approximately 8,000 employees</li> <li>■ Approximately 75% represented by unions</li> </ul>	<ul style="list-style-type: none"> <li>■ ~1,170 employees (Jan 2016)</li> <li>■ No material labor issues</li> </ul>
Company stores	<ul style="list-style-type: none"> <li>■ 600 company outlet (thrift) stores to deal with swell from retailers (~\$100mm of swell in OldCo)</li> </ul>	<ul style="list-style-type: none"> <li>■ No outlet (thrift) stores</li> <li>■ Significantly reduced swell and now dealt through financial swell allowance (\$14.9mm in 2015) lowering logistics costs</li> </ul>

<sup>1</sup> Estimated from data obtained through the acquisition of OldCo assets.

<sup>2</sup> 2012A net sales for Hostess snack business.

<sup>3</sup> Cost per case before customer transportation costs (i.e. freight); normalization for increase in cost of egg-based ingredients due to major avian influenza outbreak from June 2015 to December 2015. Cost of eggs has since normalized.

<sup>4</sup> Based on Company data. T&D cost include freight, brokerage, bracket & pickup allowance, distribution centers and STO costs. Net sales may not be directly comparable due to differences in pricing structure and levels at Hostess vs. OldCo.

# ASSET-LIGHT LOGISTICS APPROACH

Shorewood warehouse is leased by Hostess but operated by 3PL; all other distribution assets are fully 3<sup>rd</sup> party

## Transportation:

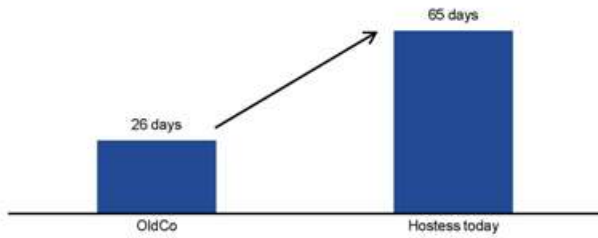
- **100% of all transportation occurs with common carriers and/or brokers. Hostess does not utilize any “owned” transportation assets.**
- **Hostess partners with LeanLogistics (3<sup>rd</sup> Party). Services provided to Hostess:**
  - Completion of RFP's (Request for Proposals) and other bids at request of Hostess.
  - Training for carriers
  - Reporting—both quality and financial metrics
  - Route scheduling and optimization via Lean TMS (Transportation Management System)
  - Freight bill auditing
  - Supply chain modeling exercises as needed/requested
  - Hostess owns relationship with carrier as well as financial payment for services provided. Hostess approves all rates with all carriers.

## Warehousing:

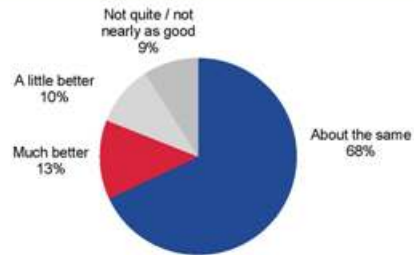
- **Our two distribution centers (Shorewood, IL—Fresh, and Carthage, MO-Frozen) are operated by 3<sup>rd</sup> party partners.**
  - **Shorewood:**
    - XPO Logistics employees perform warehousing and kitting services.
    - Hostess Brands controls the lease of the facility.
  - **Carthage:**
    - Americold employees perform the warehousing services.
    - Americold owns the facility.

# SINCE THE RELAUNCH, HOSTESS HAS...

## Extended the average shelf life of products...



## ...while preserving product quality<sup>1</sup>



## Transformed to Direct-to-Warehouse ("DTW") system<sup>2</sup>



## Consistently increased net revenues



## Transportation and distribution costs as a percent of net revenue

## Over 90% of respondents felt 65 day Hostess products were as good or better<sup>1</sup>

Note: Hostess data does not include Superior.

<sup>1</sup> Harman Atchinson Research (December 2014).

<sup>2</sup> Based on company data. T&D cost include freight, brokerage, bracket & pickup allowance, distribution centers and STO costs. Net sales may not be directly comparable due to differences in pricing structure and levels at Hostess vs. OldCo.

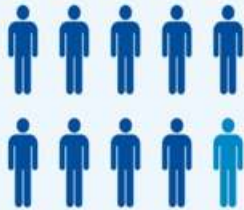
# THE SNACKING CATEGORY EXHIBITS STRONG FUNDAMENTAL TRENDS

## Snacking is a growth category

Snacking growth outpacing packaged foods – snacks replacing meals



## Taste and enjoyment rule



91% of consumers want snacks with taste they enjoy

## Prevalence across day parts



Expandable consumption

**26%**

Expected growth rate of breakfast foods between 2012 and 2017

## Growing preference for bakery snacks

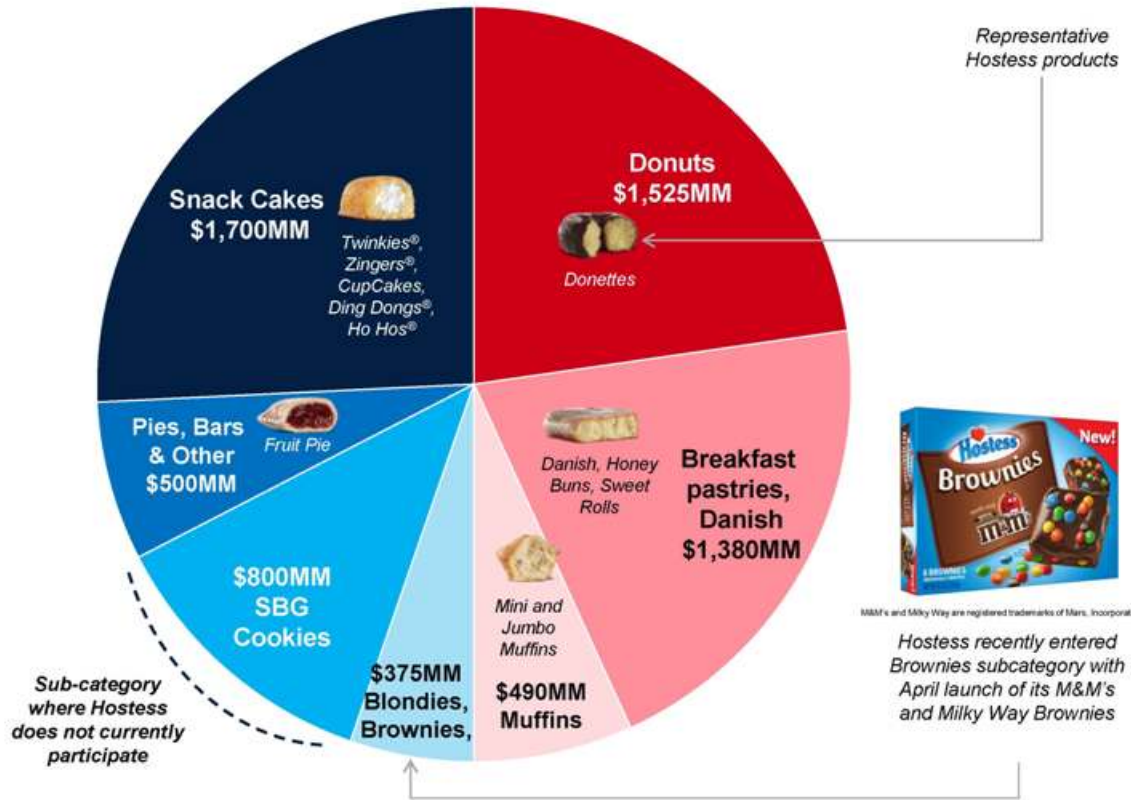
Sales CAGR for shelf stable cakes, pies, cupcakes & brownies





# HOSTESS HAS PRODUCTS THAT ADDRESS THE ENTIRE SWEET BAKED GOODS CATEGORY

Sweet Baked Goods – \$6.8 billion of retail sales in 2015, 8% increase since relaunch

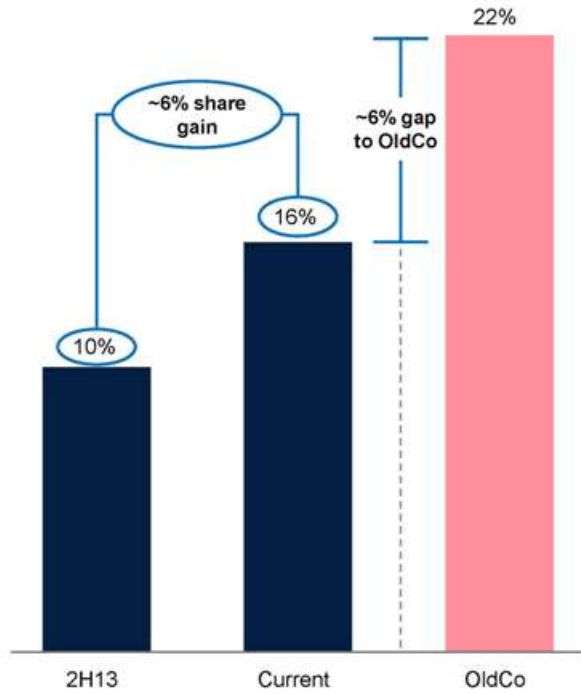


Source: Nielsen U.S. total universe, 52 weeks ending 10/31/15

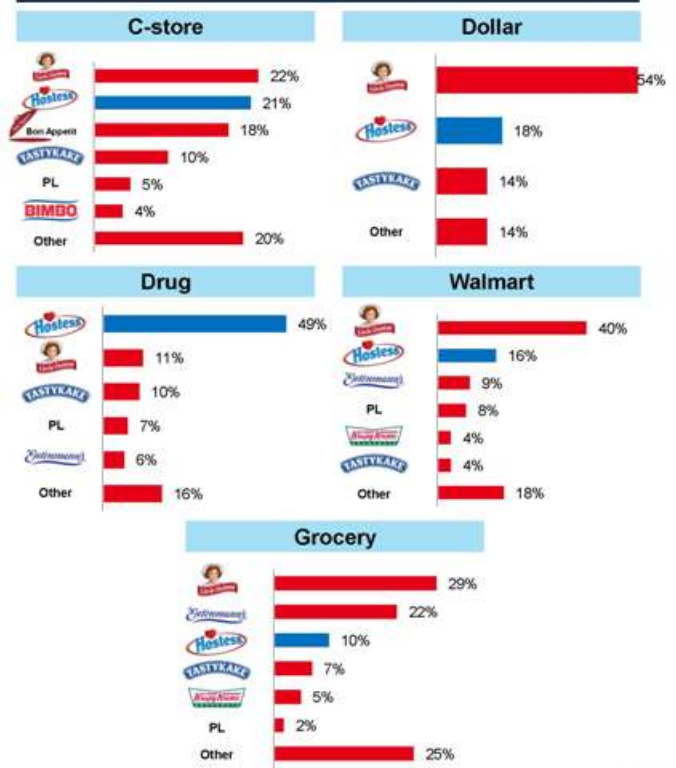
Note: Sweet Baked Goods category includes items determined to be 'Commercial Sweet Baked Goods' (items wrapped for individual sale); All Fresh Bakery products are excluded from the scope; Sunbelt Granola Bars are the only Granola Bars included – because they are a part of McKee's total SBG business and targeted for sale with SBG items. Only SBG Cookies or non-traditional aisle-cookies are included (e.g., Nutty Fudge Bars, Oatmeal Cream Sandwiches, Whoopie Pies).

# HOSTESS BRAND IS DRIVING SBG CATEGORY GROWTH

Hostess \$ share of SBG category<sup>1</sup>



Hostess \$ share of SBG category by channel<sup>2</sup>



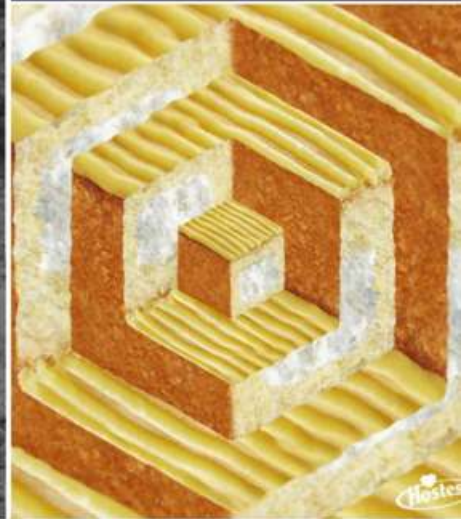
Notes: Hostess data does not include Superior.

1 Nielsen U.S. total universe, 24 weeks ending 12/28/13, 5/21/16, and 10/6/12. Market share based on Retail Sales Dollars.

2 Nielsen U.S. total universe, 12 weeks ending 5/21/16. Market share based on Retail Sales Dollars.



**TAX TIP: CALLING A TWINKIE YOUR "BABY" DOESN'T ALLOW YOU TO CLAIM IT AS A DEPENDENT.**

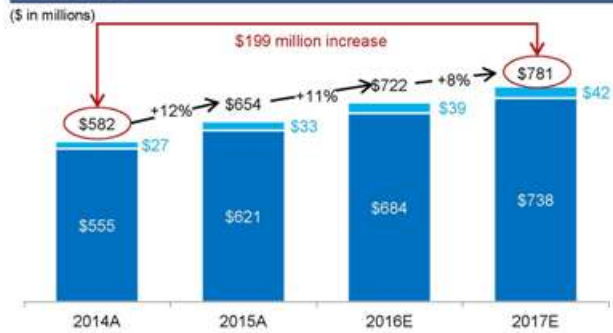


## II. PROJECTIONS AND GROWTH OVERVIEW

GORES HOLDINGS 

# SIGNIFICANT GROWTH SINCE RE-LAUNCH WITH MEANINGFUL UPSIDE POTENTIAL

## Net Revenue



## Gross Profit



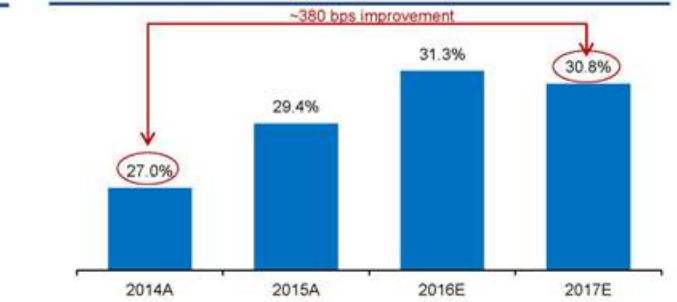
Gross Profit Margin

2014A	41.0%	41.6%	43.8%	43.4%
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## Adj. EBITDA<sup>1</sup>



## Adj. EBITDA margin (Hostess)



Total Margin (PF Superior)

2014A	26.1%	28.5%	30.5%	30.2%
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■ Hostess ■ Superior

Note: Hostess projections represent the stand alone business and do not include the impact of purchase accounting or other impacts from the consummation of this transaction. Superior Cake Products, Inc. figures are unaudited based upon actual/estimated results and do not contain any adjustments as a result of applying purchase accounting. Some figures may not add up exactly due to rounding.

<sup>1</sup> Adjusted EBITDA is a non-GAAP measure. Please see p30 for a reconciliation of Net Income to Adjusted EBITDA for Hostess.

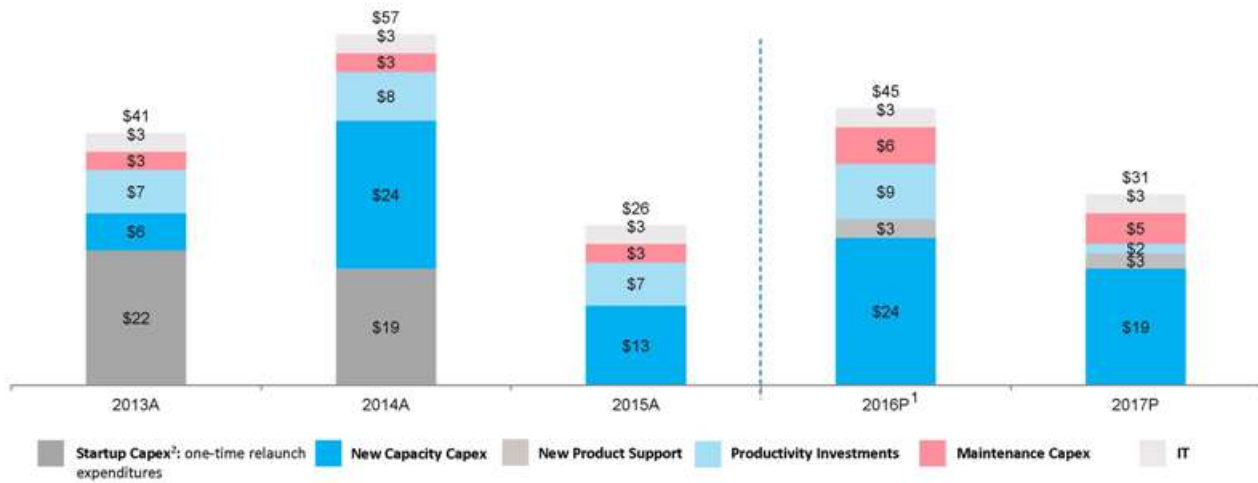
# SUSTAINABILITY OF MARGINS

Driver	Commentary
Pricing	<ul style="list-style-type: none"><li>▪ No material change in retail pricing model relative to legacy business</li><li>▪ Hostess is the leading brand in the premium segment</li><li>▪ As a category leader, retailers are supportive of our price structure since it generates a higher penny profit and profit margin for them relative to other brands</li></ul>
Manufacturing	<ul style="list-style-type: none"><li>▪ \$130 million invested to create state-of-the-art manufacturing capabilities</li><li>▪ Cost per case continues to decline from \$8.43 in 2013 to \$7.76 for the full year 2015A (excluding egg impact)<sup>1</sup><ul style="list-style-type: none"><li>– ~\$25m of annual manufacturing costs are fixed overhead that can be leveraged</li><li>– Less than 80% capacity utilization today</li><li>– Significant automation opportunities available</li></ul></li><li>▪ Additional upside potential from adding Autobake lines</li></ul>
SG&A and Distribution	<ul style="list-style-type: none"><li>▪ SG&amp;A functions fully built out with no legacy costs, pension obligations, etc.</li><li>▪ ~40% of SG&amp;A is fixed (e.g., corporate) that can scale with incremental sales</li><li>▪ Remaining SG&amp;A is variable</li></ul>

*Strong margin profile driven by: (i) the health of the SBG category combined with (ii) Hostess' leading brand position in the premium segment and (iii) a highly efficient operating model that could only be implemented through the unique circumstances around the relaunch*

# LOW MAINTENANCE CAPEX WITH OPPORTUNITIES TO DRIVE PRODUCTIVITY ABOVE PLAN

Actual and estimated Capex (\$ in millions)



**Productivity and capability investment opportunities**

As Hostess moves focus from Startup to Best-In-Class Operator, there are a substantial number of automation and efficiency projects with payback periods under 2 years

<sup>1</sup> Excludes capex for the acquisition of Superior.  
<sup>2</sup> Startup capex in the Stub year and 2014A includes one-time relaunch expenditures (i.e., equipment setup, Emporia warehouse improvements, pie line relocation and start-up support).

# OPPORTUNITIES FOR THE FUTURE

Great Foundation



Culture of Growth



Innovation

## Existing platforms

- **New products** – Mars Brownie Platform, Cake Balls, Whole Grain Muffins, Suzy Qs, Deep Fried Twinkies
- **Whitespace** – Dollar stores and increased penetration at independent C-stores
- **SKU development** – exclusives including “Key Lime Slime” Ghostbusters tie-in and White Fudge Marshmallow Twinkie
- **Seasonal / LTO’s** – Christmas, Valentine’s Day, Easter, Halloween

## New platforms















- **In-store Bakery** – Launch tray pack muffins, cupcakes, mini brownies and loaves into channel via Frozen, then develop full In-store Bakery offering
- **Foodservice** – New GM in place; launch line of bulk pack Foodservice items including Deep Fried Twinkies, Donettes and Mini Muffins
- **Club** – New GM in place; capture a minimum of one permanent item in each store of the 3 major Club retailers, leverages launch of Mini Muffins and Brownie club packs in 2016

## Acquisitions

- Acquisition of Superior Cake Products, Inc., a premium in-store bakery brand
  - The Company’s first acquisition since Hostess brands re-launch
  - Hostess to leverage Superior to penetrate the in-store bakery category
- Rich pipeline

# BROAD CHANNEL DEVELOPMENT

Sales team objective is to develop Hostess in all channels that sell confections

Channel		% FY15A net sales	ACV %	Key retailers	Key initiatives
C-Store & Drug <sup>1</sup>		33%	77% C 71% D	    	<ul style="list-style-type: none"> <li>Hostess Partner Program</li> <li>Bread Launch</li> <li>Shipper Displays &amp; Coffee Bundles</li> </ul>
Grocery		33%	92%	    	<ul style="list-style-type: none"> <li>Expansion of Multipack Distribution</li> <li>Development of Seasons</li> <li>Permanent Single Serve End Caps</li> </ul>
Mass (i.e., Walmart)		21%	100%		<ul style="list-style-type: none"> <li>PDQ Rotational Program</li> <li>Single Serve End Caps &amp; Displays</li> <li>Development of Seasons</li> </ul>
Dollar (i.e., Dollar General)		6%	99%	  	<ul style="list-style-type: none"> <li>New Single Serve Rack</li> <li>Seasonal Shippers</li> <li>Development of Family Dollar and Dollar Tree</li> </ul>
Club		2%	71%	  	<ul style="list-style-type: none"> <li>Back-To-School Programing</li> <li>Mandatory End Caps</li> <li>Expand Donettes, Muffins, Brownies</li> </ul>
Other		6%	n.a.	   	<ul style="list-style-type: none"> <li>Oxxo development</li> <li>Continued Development of UK</li> <li>Sysco partnership</li> <li>Branded Foodservice Desserts</li> </ul>
<b>Total</b>		<b>100%</b>	<b>n.a.</b>		





### III. PRODUCT PIPELINE OVERVIEW



# 2015 NEW PRODUCT LAUNCHES

## Familiar Favorites

Honeybun

Chocodile

Chocolate Crème Pie



Targeted launches to round out historic products lines and/or pack types

## Breakfast Classics

Glazed Donettes

Jumbo Muffin / Danish



Line extensions  
Launched in late 2014 to extend Bagged Donettes lineup

Adjacency  
Launched in January 2015 to fill an under-served gap in portfolio

## Modern Flavors

Red Velvet

Birthday Cake

Sea Salt Caramel



New flavor  
Transitioned to permanent item per Walmart success

Line extension  
Fastest moving mini muffin flavor at Target

Premium LTO  
Precedent for premium flavor innovation

## ESL Bread

White & Wheat

Hams & Hots



New category  
\$/ Store / Week at Walgreens already greater than cake business

# 2016 NEW PRODUCT LAUNCHES

## The Return of Suzy Q



## Brownie Innovation



## Twinkies Innovation



## New & Improved Mini Muffins



## Premium Seasonal



# ESL BREAD IS A BIG OPPORTUNITY

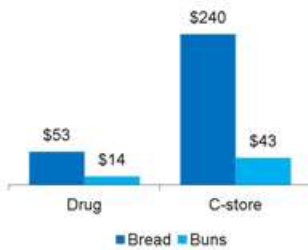
## Why Hostess is excited about ESL Bread

### ESL Bread Advantage

- ✓ Proprietary ESL bread formula is an advanced blended enzyme solution developed for DTW
- ✓ Technology enables 45 day shelf life guarantee to our customers, matching snack cakes

### Size of category

Annual retail sales<sup>1</sup> (\$ millions)



### Distributor Value

- ✓ Eliminates expensive freezer space
- ✓ Allows distributors to compete with DSD
- ✓ Solution for 100% of a retailers store base
- ✓ Better service & reduced out-of-stocks
- ✓ High mark up / fast turns drives profitability

### Retailer Value

- ✓ 1 bread program for all stores
- ✓ Manage only 1 vendor, brand and cost structure
- ✓ Reduced swell rates
- ✓ Increased sales with reduced out-of-stocks
- ✓ Strong brand name
- ✓ Reduced labor (versus Frozen slack out / dating)

**Hostess is the #1 branded bread in small format channels (C-store & drug)**

## Recent customer successes

### Convenience channel launch – June 2016<sup>2</sup>

Customer	Stores	Distributor
Pilot FLYING J.	342	McLANE
CASEY'S EDIBLE STORE	1,797	Direct
RITE AID	3,553	Core-Mark
S Store	800	Eby-Brown
EZ M <sup>ART</sup>	50	GSC

**Walgreens**

First to market program with Walgreens – launched May 9, 2015

**Bread doubling Hostess business at Walgreens; expansion of bagged donuts**



**National warehouse solution for major retailers (even seasonally)**

# THE SULTAN OF SWEET



WINTER IS  
COMING.



## IV. TRANSACTION SUMMARY AND TIMELINE

GORES HOLDINGS 

# ILLUSTRATIVE TRANSACTION TERMS

- Pro-forma enterprise value of \$2,292 million (10.4x 2016E Adj. EBITDA)
- Pro-forma net debt / 2016E Adj. EBITDA of 4.5x<sup>1</sup>
- Existing Hostess shareholders to be paid \$522 million cash consideration<sup>2</sup> and issued 46.6 million roll-over shares in Hostess at close
- C. Dean Metropoulos (CDM) will serve as Executive Chairman and will continue to have over \$300 million invested in the company
- Additional PIPE investors committed to participate via \$350 million private placement (includes \$50mm of additional roll-over contribution from C. Dean Metropoulos)
- Completion of transaction is expected in Q3 2016

## Pro-forma valuation

(\$ in millions, except per share values)

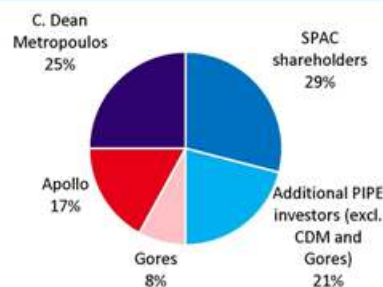
	Pro-forma for transaction close	
Gores illustrative share price		\$10.00
Pro-forma shares outstanding (millions) <sup>3</sup>		130.0
<b>Total equity value</b>		<b>\$1,300.4</b>
Pro-forma net debt		\$991.8
<b>Pro-forma enterprise value</b>		<b>\$2,292.2</b>
<b>Pro-forma enterprise value / Adj. EBITDA</b>		
2016E Adj. EBITDA	\$220.4	10.4x
2017E Adj. EBITDA	\$235.5	9.7x
Net debt / 2016E Adj. EBITDA		4.5x <sup>1</sup>

## Sources & uses

(\$ in millions)

Sources	
Gores Holdings cash <sup>4</sup>	\$375
Additional PIPE investors (excluding \$50mm additional roll-over contribution from CDM)	\$300
CDM additional roll-over contribution	\$50
<b>Total sources</b>	<b>\$725</b>
Uses	
Cash consideration <sup>2</sup>	\$522
Cash to de-lever	\$173
Gores Holdings transaction costs	\$30
<b>Total uses</b>	<b>\$725</b>

## Illustrative post-transaction ownership breakdown<sup>5</sup>



<sup>1</sup> Expected net debt at close of \$1,165mm, de-levered by \$173mm to net debt of \$992mm (including \$7.5mm of cash remaining on balance sheet).

<sup>2</sup> Cash consideration is prior to \$50mm additional roll-over contribution by CDM and before transaction costs incurred by Hostess.

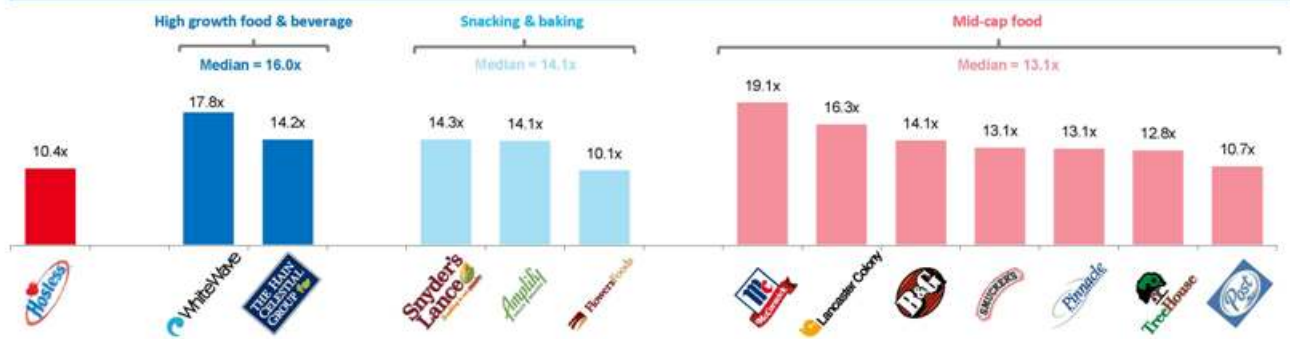
<sup>3</sup> Pro-forma share count includes 37.5mm Gores Holdings public shares, 5.3mm Gores Holdings Founder shares, 46.8mm rollover shares issued to sellers, 32.7mm shares issued to additional PIPE investors (including 5.4mm to Gores), and 7.9mm shares issued to CDM (including his additional roll-over contribution). Furthermore, the company has committed to cancel 4.1mm Founder shares (with the potential to cancel up to an additional 0.5mm of Founder shares, subject to certain conditions).

<sup>4</sup> Assumes all SPAC proceeds will participate in the deal or parties not wishing to participate will be replaced with other public investors rather than redeemed.

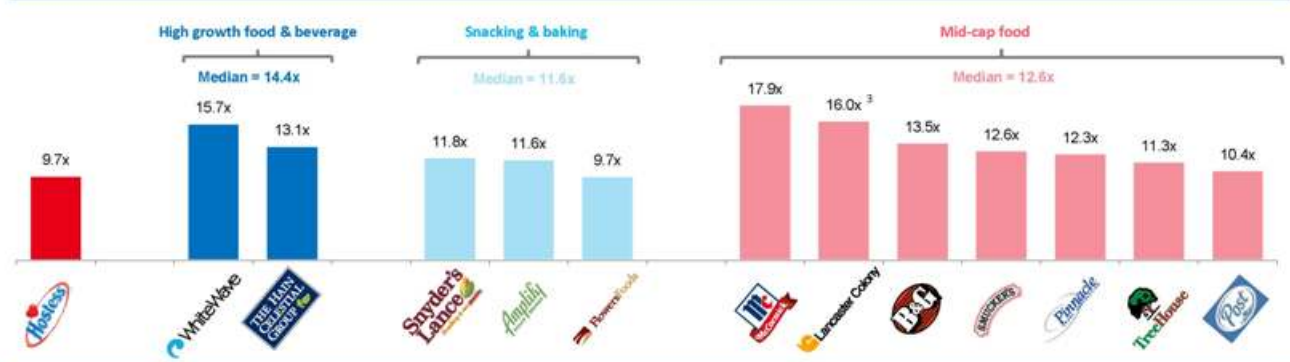
<sup>5</sup> Reflects pro forma ownership post cancellation of 4.1mm Founder shares. Assumes a nominal share price of \$10.00.

# VALUATION BENCHMARKING TO PEERS

Pro-forma firm value / 2016E Adj. EBITDA<sup>1</sup>



Pro-forma firm value / 2017E Adj. EBITDA<sup>2</sup>



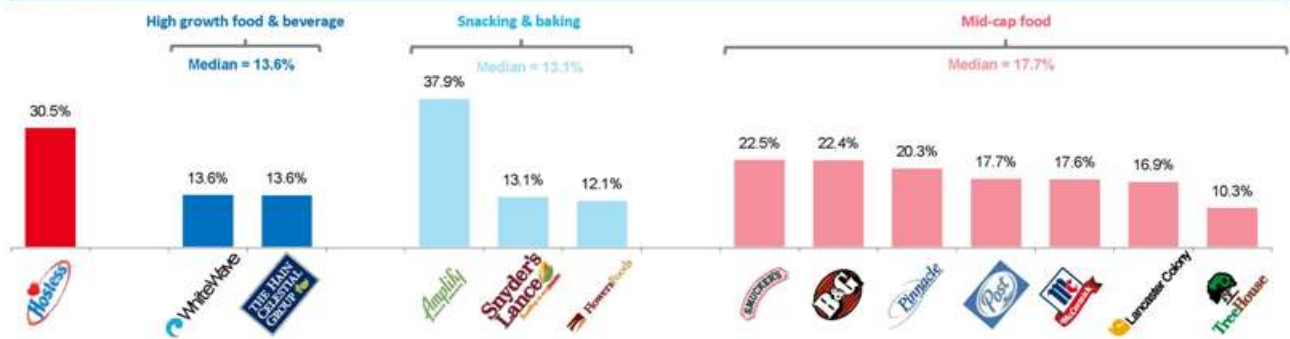
Gores' acquisition of Hostess will occur at a meaningful discount to peers' TEV/ EBITDA trading levels.

Source: Company and public filings; WallStreet Research; FactSet.  
Notes: Estimates as of July 1, 2016.

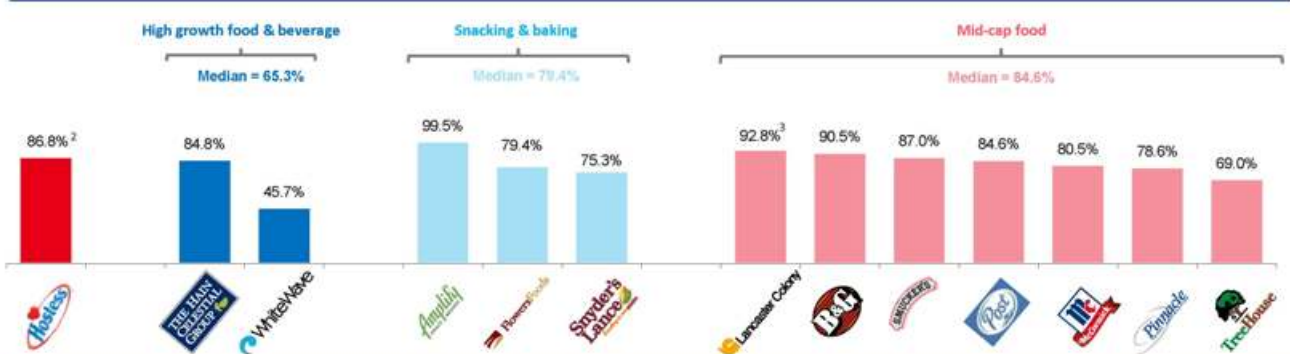
- 1 Hostess represents transaction pro-forma firm value of \$2,292mm divided by 2016E Adj. EBITDA of \$220mm.
- 2 Hostess represents transaction pro-forma firm value of \$2,292mm divided by 2017E Adj. EBITDA of \$236mm.
- 3 Represents FY2017E for LANC given lack of 2018E to complete calendarization.

# ATTRACTIVE MARGIN PROFILE RELATIVE TO PEERS

## 2016E Adj. EBITDA Margins



## 2016E FCF Conversion<sup>1</sup>



Hostess' competitively advantaged business model contributes to its best-in-class margins

Source: Company and public filings; WallStreet Research; FactSet.

Notes: Estimates as of July 1, 2016.

<sup>1</sup> FCF conversion defined as (Adj. EBITDA-Capex) / Adj. EBITDA.

<sup>2</sup> Represents 2017E Hostess FCF Conversion; Adj. EBITDA - \$235.5m, Capex - \$31.1m; Hostess 2016E FCF Conversion of 77.5% (\$4mm carry over expansion capex from 2015) given uptick in Expansion capex.

<sup>3</sup> Given lack of estimates, assumes CY2017E capex is same % of sales as CY2016E.



# ANTICIPATED TRANSACTION TIMELINE

Date	Event
Early July	<ul style="list-style-type: none"><li>•Business combination agreement executed</li><li>•Transaction announced</li></ul>
July	<ul style="list-style-type: none"><li>•Preliminary proxy materials filed with SEC</li></ul>
August	<ul style="list-style-type: none"><li>•Set record date for shareholder vote</li></ul>
Early September	<ul style="list-style-type: none"><li>•Mail final proxy materials to shareholders</li></ul>
Late September	<ul style="list-style-type: none"><li>•Hold shareholder vote and close transaction</li></ul>

# HOSTESS NON-GAAP RECONCILIATION (UNAUDITED)

(in millions)	Twelve Months (Estimated) Ending 31-Dec-17	Twelve Months (Estimated) Ending 31-Dec-16	Twelve Months Ended 31-Dec-15	Twelve Months Ended 31-Dec-14
Net income (loss)	\$101.8	\$74.9	\$88.8	\$81.5
Plus non-GAAP adjustments:				
Interest expense, net	50.1	59.6	50.0	37.4
Loss on debt extinguishment <sup>1</sup>	-	-	25.9	-
Depreciation and amortization	15.3	11.5	9.8	7.1
Related party expenses	-	2.5	4.3	4.5
Unit-based compensation	0.2	0.3	1.4	0.4
Bakery shutdown expenses <sup>2</sup>	-	0.2	1.2	4.3
Other (income) expense <sup>3</sup>	-	9.9	(8.7)	0.6
Impairment of property and equipment	-	7.3	2.7	13.2
Loss on sale/abandonment of property and equipment	-	-	3.0	0.8
Special employee incentive compensation <sup>4</sup>	-	-	3.9	-
Distributions for Cash taxes and tax sharing	60.1	47.4	-	-
<b>Adjusted EBITDA</b>	<b>\$227.5</b>	<b>\$213.8</b>	<b>\$182.2</b>	<b>\$149.8</b>

Notes: Hostess projections represent the stand alone business and do not include the impact of purchase accounting or other impacts from the consummation of this transaction.

- The Company recorded a loss on extinguishment related to our original Term Loan of \$25.9 million, which consisted of prepayment penalties of \$9.9 million and write-off of deferred financing costs of \$16.0 million, during the third quarter of 2015.
- During the years ended December 31, 2015 and December 31, 2014, the Company incurred expenses associated with the closure and relocation of assets of \$1.2 million and \$1.4 million, respectively. Also, during the year ended December 31, 2014, the Company incurred expenses associated with employee severance and Worker Adjustment and Retraining Notification (WARN) ACT payments of \$2.9 million.
- 2016 estimate includes \$7.7 million of exceptional one-time items, \$2.1mm of fees for professional services and \$0.1 million of other expenses. During the year ended December 31, 2015, other income consisted of \$12.0 million of proceeds from the sale of foreign trademark rights and perpetual irrevocable licenses to certain "know how" in certain countries in the Middle East, partially offset by \$3.3 million for professional service fees related to our pursuit of a potential sale of the Company. During the year ended December 31, 2014, other expense was \$0.6 million.
- For the year ended December 31, 2015, a one-time special bonus payment of \$2.6 million and \$1.3 million was paid to employees at our bakery facilities and corporate employees, respectively, as compensation for their efforts in the successful recapitalization of the Company and was recorded on a separate line in the Consolidated Income Statement as a deduction from gross profit.

# GLOSSARY

Term	Definition
3PL	Third-party logistics
ACV	All-commodity volume (%)
C-store	Convenience store
DSD	Direct-to-store delivery
DTW	Direct-to-warehouse
ERP	Enterprise resource planning
ESL	Extended shelf life
ISB	In-store bakery
KPI	Key performance indicator
PDQ	Pre-assembled display pallets
SBG	Sweet baked goods
SKU	Stock keeping unit
STO	Ship to order
T&D	Transportation & distribution
TMS	Transportation management system