JUDGE TELLS HOSTESS AND THE UNION TO MEDIATE FIRST, THEN TALK ABOUT LIQUIDATION OF ASSETS

Twinkies, Ho Ho's and Ding Dongs, sweet confections are suddenly turning bitter for their connoisseurs, as Hostess Inc., the company that manufactured them has succumbed to worker pressure and decided to cease operations after workers declined to resume work within the company-imposed deadline. The workers resorted to striking in protest against the Hostess contract that cut workers' wages by 8 percent and was also expected to negatively impact benefits by as much as 27 to 32 percent. Talking about the shutdown, which would see the company’s 33 bakeries, 565 distribution centers, roughly 5,500 delivery routes and 570 bakery outlet stores throughout the country closing shop, Chief Executive Officer Gregory F. Rayburn said the company had no other option as they lacked the wherewithal to ride out the nationwide strike. The company would start laying-off a major portion of its 18,500 workforce, and concentrate on disposing off its assets to the highest bidders, he added. A bankruptcy court meeting to discuss how the company’s assets should be disposed instead counseled both the Hostess Brands Inc., the maker of Wonder Bread and Twinkies, and its bakers' union, that since the future of 18,000 workers was at stake, they should sit and seek conciliatory measures. Judge Robert Drain of the U.S. Bankruptcy Court questioned the common sense behind the strike and said, "Not to have gone through that step leaves a huge question mark in this case." He said that he was not ready to move forward with the liquidation yet and the concerned parties should explore all avenues of coming to an amicable solution. Both Hostess and the Union are expect to initiate the mediation process on Tuesday. The company issued a statement saying that the Board of Directors has approved winding down the Hostess Brands, so that their worth and value does not deteriorate further. They said that the regretful decision had to be taken after one of the Company's principal unions, the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (BCTGM), initiated a nationwide strike that seriously crippled the Company's working ability. For Hostess, burdened by debt, management turmoil, rising labor costs and changing tastes of the country, the strike was the last straw. It analyzed all issues and came to the conclusion that they were beset with so many problems that Chapter 11 bankruptcy restructuring would not be feasible, so they decided to ask the court to grant them permission to sell their assets and bid goodbye to their business. A few companies, among them private equity firm Sun Capital Partners Inc., based in Boca Raton, have evinced interest in buying the company. Rayburn meanwhile has put the ball in the union’s court saying that it was up to the employees and the union’s international president, Frank Hurt to choose between withdrawing the strike and save the company or continue with it and cause enormous financial hardship to the thousands of employees and their families. Hurt on his part alleged that the company was ridiculing the labor relations system which has been in existence of almost a century. The strike is not just for the workers of Hostess, but for all unionized employees across North America and who are protected under collective bargaining agreements, he claimed. Even if the chances of Hostess going out of business are high, with the management thinking that they’ve had enough, the well-liked brand will probably find a second-life as its popularity and $2.5 billion sales each year will be enough inducement to buyers to acquire it. The company says that they are several potential buyers, so the sweet confections are not going to bow out so easily after all.