

# ...Hostess relieved of pension obligation

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Can you imagine the bankruptcy judge ordering Cargill to sell its flour to Hostess at a 27 percent discount? Yet that's what Drain, a former Wall Street lawyer, did to union workers Oct. 3 in an order allowing Hostess to unilaterally impose changes to the BCTGM's collective bargaining agreements.

Weeks of brinkmanship followed. BCTGM warned that members would strike if Hostess imposed its terms, and Hostess warned that if they struck, the company would ask the court for permission to close permanently and liquidate assets.

Hostess imposed the new terms first on three bakeries that it planned to close anyway — St. Louis, Cincinnati, and Seattle. Union members held off striking, knowing it would give the company an excuse to close those plants.

But when Hostess then moved to impose terms company-wide, workers struck Nov. 9 at 24 production facilities.

"[Members] are not willing to take draconian wage and benefit cuts on top of the significant concessions they made in 2004 and give up their pension so that the Wall Street vulture capitalists in control of this company can walk away with millions of dollars," Hurt declared in a Nov. 12 statement explaining the strike.

As one Hostess worker wrote in the online magazine Daily Kos: "It will be hard to replace the job I had, but it will be easy to replace the job they were try-

ing to give me."

Hostess announced it would move to liquidation if employees did not return to work by 5 p.m. Nov. 15. On Nov. 16, it announced closure. It's the end of an 85-year-old bakery business with 33 bakeries, 565 distribution centers, 570 bakery outlet stores, and approximately 5,500 delivery routes — and the loss of 18,500 jobs, including those of 15,000 union members.

Seventeen of those jobs are Teamsters drivers in Portland.

On Nov. 21, Judge Drain approved the liquidation plan, and on Nov. 29, he granted a request by Hostess for \$1.75 million in bonuses to 19 officers and high-level managers who are needed to facilitate the sale of the company's assets.

Drain also relieved Hostess of its \$944.2 million in withdrawal liability owed to the Bakery & Confectionery Union & Industry International Pension Fund — a decision that will harm Hostess' unionized competitors and tens of thousands of their employees. That's because Hostess was the biggest employer in the union's multi-employer pension plan. Under federal law, multi-employer pension plans are still responsible for workers' pensions when an employer goes out of business or otherwise withdraws. The federal government's Pension Benefit Guaranty Corporation doesn't step in with multi-employer plans unless they're nearly insolvent. Hostess' collapse means the Bakery Pension Fund has to trim extra benefits for 53,000 retirees and an equivalent number of active members.

And it means that still-existing employers (like Franz and Kroger in the Portland area) are stuck paying a surcharge to make up for Hostess' withdrawal. The Bakery Pension Fund was at healthy funding levels — despite the 2008 stock market downturn — until Hostess halted contributions last August. Now, under a pension rehabilitation plan that went into effect in November, employers are paying a 5 percent surcharge, which will double Jan. 1. For an employer like Franz Bakeries, the 10 percent surcharge equals 57 cents an hour per worker, said BCTGM Local 114 Financial Secretary Terry Lansing.

As Hostess prepares to liquidate — selling off trucks and bakeries and the right to make its famous brands — it's revealing what management has chosen to publish on its web site. Hopes for the swift resurrection of Twinkies under new brand owner? Thanks to customers for 85 years of business? No, Hostess Brands Inc. uses its most valuable online real estate to take a parting shot at the union: "We are sorry to announce that Hostess Brands, Inc. has been forced by a Bakers Union strike to shut down all operations and sell all company assets."

"Hostess management wants to blame our members for the demise of the company," says Hurt. "The truth is that had it not been for the valiant efforts of our members over the last eight years, including accepting significant wage and benefit concessions after the first bankruptcy, this company would have gone out of business long ago."

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