

Hostess Seeks Approval For Executive Bonuses

Candice Choi, AP Food Industry Writer

NEW YORK (AP) — Hostess Brands Inc. is asking for a judge's approval to give its top executives bonuses totaling up to \$1.8 million as part of its wind-down plans.

The maker of Twinkies and other soft cakes says the incentive pay is needed to retain the 19 corporate officers and "high-level managers" during the liquidation process, which could take about a year. Two of those executives would be eligible for additional rewards depending on how efficiently they carry out the liquidation. The bonuses would be in addition to their regular pay.

The bonuses do not include pay for CEO Gregory Rayburn, who was brought on as a restructuring expert earlier this year. Rayburn is being paid \$125,000 a month.

Hostess is also seeking final approval for its wind-down, which was approved on an interim basis last week.

The process includes the quick sale of its brands, which also include CupCakes, Donettes and Wonder Bread. Hostess says it has received a flood of interest in the brands, including from national packaged food makers, international companies and its own customers, which include supermarkets and big-box retailers. Hostess sales have been declining over the years, but still come in at between \$2.3 billion and \$2.4 billion a year, a banker for the company said in court last week.

The company's shuttering means loss of about 18,000 jobs.

In court Thursday, an attorney for Hostess noted that the company is no longer able to pay retiree benefits, which come to about \$1.1 million a month. Hostess stopped contributing to its union pension plans more than a year ago.

The company's demise came after years of management turmoil, with workers saying the company failed to invest in updating its products. In January, Hostess filed for its second bankruptcy in less than a decade, citing steep costs associated with its unionized work force.

Although Hostess was able to reach a new contract agreement with its largest union, its second biggest union rejected the terms and went on strike Nov. 9. A week later, Hostess announced its plans to liquidate, saying the strike crippled its ability to maintain normal production.

Source URL (retrieved on 03/27/2015 - 12:39pm):

http://www.impomag.com/news/2012/11/hostess-seeks-approval-executive-bonuses?qt-recent_content=0&qt-digital_editions=0

Hostess Seeks Approval For Executive Bonuses

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)
