Flowers Foods to Buy Hostess Bread Brands

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NEW YORK (AP) — Hostess has found a new home for its most popular breads, including the iconic Wonder bread.

The bankrupt maker of Twinkies, Devil Dogs and other snack cakes said late Friday that it selected bids by rival bakery Flower Foods Inc. to buy six of its bread brands for $390 million. Flower Foods, based in Thomasville, Ga., is best known for Tastykakes but also makes breads including Nature's Own and Cobblestone Mill.

Hostess is expected to announce buyers for its famed dessert cakes in coming weeks. The company has said a wide variety of parties have expressed interest in its brands, including national supermarket chains and the makers of brand name packaged foods.

Flower Foods was selected as the "stalking horse" bidder for the bread brands. That means higher competing bids can still be made and the final deal must be approved in bankruptcy court. The company made two separate bids for the Hostess breads; a $360 million bid for Wonder, Nature's Pride, Butternut, Home Pride and Merita, along with 20 bakeries and 38 depots. Another $30 million bid was made for Beefsteak.

Taken together, Hostess said those breads generated just under $1 billion in sales last year, with Wonder bread accounting for about half of that. Flower Foods, which generates about $3 billion in annual sales, said it expects the deals to be accretive to its earning this year. The company plans to finance the deal through a mix of cash and debt.

Hostess Brands Inc., based in Irving, Texas, announced in November that it was shutting down its business and selling its breads and snack cakes.

The company's demise came after years of management turmoil and turnover, with workers saying the company failed to invest its brands. Hostess filed for its second Chapter 11 bankruptcy in less than a decade this January, citing costs associated with its unionized workforce. It had about 18,500 employees when it announced that it was shutting down after it was unable to reach a deal on a new contract with striking workers.

Hostess CEO Gregory Rayburn, who was hired last year to help orchestrate a turnaround, said in a statement that negotiations were continuing with parties for its snack cakes and remaining bread bands. The company has stressed in bankruptcy court that it would need to move quickly in the sales to capitalize on the outpouring of nostalgia prompted by its shuttering.

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