

Pilgrim's Pride Extends Offer to Buy Hillshire Brands for \$5.58B

NEW YORK (AP) — Chicken producer Pilgrim's Pride is offering to acquire fellow meat producer Hillshire Brands to create a "protein-focused" company in a deal that would be worth \$5.58 billion.

The offer is contingent on Hillshire scrapping its plan to buy Pinnacle Foods, which makes Birds Eye frozen vegetables, Duncan Hines cake mixes and Hungry Man frozen dinners. Hillshire, which makes its namesake lunchmeats and Jimmy Dean sausages, announced the \$4.23 billion deal earlier this month as a way to expand into different parts of the supermarket.

Pilgrim's Pride says its offer of \$45 per share for Hillshire is a superior deal that would create a company with "strong, consistent earnings and complementary competencies."

A representative for Hillshire didn't respond to a request for comment. Its shares jumped 21 percent to \$44.89 in morning trading.

Pilgrim's Pride's offer represents a 24 percent premium to Hillshire's closing price Friday of \$36.23. Hillshire has 124 million shares outstanding, according to SEC filings. Pilgrim's Pride values the deal at \$6.4 billion, when debt is included.

It said the combined company would have an attractive portfolio of meat brands, including Pierce, Wing Dings, Jimmy Dean, Hillshire Farm, Ball Park and State Fair.

Pilgrim's Pride says the deal could close in the third quarter of 2014 if Hillshire terminates its deal with Pinnacle. Pilgrim's said it will pay the \$163 million termination fee required to end the Hillshire deal with Pinnacle Foods. Pinnacle shares fell 7 percent to \$30.93 in premarket trading Tuesday.

Pilgrim's Pride said it will finance its deal with cash on hand and new debt.

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