

Hostess Readies Itself for the Bidding Process

by Joel R. Glucksman on December 4, 2012

Following the approval of the court to wind down its operations, Hostess Brands will now traverse the final step of its bankruptcy process: finding a bidder or bidders for its remaining assets.

The company's dissolution - which also resulted in a loss of 18,000 jobs - will allow bidders to come forward to purchase and to bring new life to the iconic Hostess product brands, and it appears there is significant interest in taking control of the company - or, more likely, its individual assets. Hostess noted in court documents that it has 110 potential buyers lined up who have expressed interest in several of its brands, including CupCakes, Ding Dongs and Ho Hos - and, of course, Twinkies.

The high-profile bankruptcy has paved the way for a competitive bidding process, and many of the potential buyers have already enlisted the help of investment banks to help them make the transaction, according to The Associated Press.

"It's very significant because it indicates to me that not only are these buyers serious, but they are expecting to spend substantial sums," said Joshua Scherer of Perella Weinberg, which was hired by the bankrupt company to sell of its assets.

At least five of the potential bidders are big-name food retailers, and more than 70 of the interested buyers have already signed confidentiality agreements, according to NBC News.

The sales announcement follows the heels of a ruling which approved bonuses of up to \$1.8 million for top executives for meeting certain budgetary goals during the liquidation process, the AP reports. Under bankruptcy law, incentive pay is allowed if companies meet certain guidelines.

The company plans to start the initial auction process by January. Scherer said the overall process could bring in roughly \$1 billion to the Hostess bankruptcy estate.