Hostess Picks McKee As Buyer For Drake's Cakes

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NEW YORK (AP) — Hostess is moving forward with the sale of Devil Dogs, Yankee Doodles and Yodels to the maker of Little Debbie cakes.

The bankrupt company says it picked McKee Foods as the buyer for the Drake's cakes after nobody stepped forward with a qualifying bid to top its $27.5 million offer.

The auction scheduled for Friday will be canceled as a result, according to a filing in bankruptcy court. A hearing to approve the sale is scheduled for April 9.

McKee Foods, based in Collegedale, Tenn., isn't projecting when it plans to have the cakes back on shelves.

"McKee Foods is a family-owned bakery, similar to how Drake's was established as a family bakery 125 years ago," CEO Mike McKee noted in a statement. "We have generations of experience in baking, and we will strive to bake the Drake's cakes, not just for taste and quality, but also to deliver on the memories of the loyal Drake's fans."

Separately, Metropoulos & Co., which is teaming up with Apollo Global Management to buy Twinkies and other Hostess cakes such as CupCakes, Ding Dongs and Ho Hos, said it hopes to have the cakes back on shelves by this summer. Metropoulos owns Pabst beer. Apollo's investments include fast-food chains Carl's Jr. and Hardee's.

A source who requested anonymity because the sale process is private had said the pair of investment firms had expressed interest in Drake's as well but that the offer ultimately did not qualify.

Hostess Brands Inc. had also canceled auctions for Twinkies and its major breads after nobody stepped forward with competitive offers for those brands. Flowers Foods was picked as the buyer for the breads, including Wonder. Grupo Bimbo, which makes Thomas' English muffins, was picked to buy its Beefsteak bread. A hearing to approve those sales is set for March 19.

The company plans to go ahead with an auction for its Sweetheart, Eddy's, Standish Farms and Grandma Emilie's breads on March 15. United States Bakery was chosen as the lead bidder for those brands for $30 million. That includes four bakeries and other equipment.

Hostess shuttered its factories in late November following a strike by its second biggest union. The company had been struggling financially for years.

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