

FLOWERS FOODS INC
Form DEF 14A
April 29, 2005

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**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material under Rule 14a-12

FLOWERS FOODS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Thomasville, Georgia

April 29, 2005

Dear Shareholder:

I would like to extend an invitation for you to join us at our Annual Meeting of Shareholders on Friday, June 3, 2005 at 11:00 a.m. at the Thomasville Cultural Center in Thomasville, Georgia.

At this year's meeting, you will vote to:

elect four director-nominees to serve for a term of three years and two director-nominees to serve for a term of two years;

approve the 2001 Equity and Performance Incentive Plan, as amended and restated as of February 11, 2005; and

ratify PricewaterhouseCoopers LLP as our independent public accountants for fiscal year 2005.

In addition, Flowers Foods' senior management team will report on the performance of the company and respond to questions from shareholders.

Included with the enclosed materials are a notice of the Annual Meeting and a proxy statement that contains further information about each matter to be voted upon and the meeting itself, including how to listen to the Annual Meeting on the Internet and different methods to vote your proxy.

Please carefully review the enclosed proxy materials. Your vote is important to us and to our business. I encourage you to sign and return your proxy card, or to use telephone or Internet voting prior to the Annual Meeting, so that your shares of Flowers Foods common stock will be represented and voted at the Annual Meeting even if you cannot attend.

I hope to see you in Thomasville.

George E. Deese
President and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held June 3, 2005

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Flowers Foods, Inc. will be held on June 3, 2005 at 11:00 A.M. Eastern Time at the Thomasville Cultural Center, 600 East Washington Street, Thomasville, Georgia, for the following purposes:

(1) to elect four nominees as directors of the company to serve for a term of three years and two nominees as directors of the company to serve for a term of two years;

(2) to approve our 2001 Equity and Performance Incentive Plan, as amended and restated as of February 11, 2005;

(3) to ratify the selection of PricewaterhouseCoopers LLP as the independent public accountants for Flowers Foods for the fiscal year ending December 31, 2005; and

(4) to transact any other business as may properly come before the meeting and at any adjournment or postponement thereof;

all as set forth in the proxy statement accompanying this notice.

Only record holders of issued and outstanding shares of our common stock at the close of business on April 15, 2005 are entitled to notice of, and to vote at, the Annual Meeting, or any adjournment or postponement thereof. A list of such shareholders will be open for examination by any shareholder at the time and place of the Annual Meeting.

Shareholders can listen to a live audio webcast of the Annual Meeting on our website at www.flowersfoods.com. This webcast also will be archived on our website.

By order of the Board of Directors,

Stephen R. Avera
*Senior Vice President,
Secretary and General Counsel*

1919 Flowers Circle
Thomasville, Georgia 31757
April 29, 2005

A PROXY CARD IS CONTAINED IN THE ENVELOPE IN WHICH THIS PROXY STATEMENT WAS MAILED. SHAREHOLDERS ARE ENCOURAGED TO VOTE ON THE MATTERS TO BE CONSIDERED AT THE MEETING AND TO SIGN AND DATE THE PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE OR VOTE BY TELEPHONE OR INTERNET. YOUR ATTENDANCE AT THE MEETING IS URGED; IF YOU ATTEND THE MEETING AND DECIDE YOU WANT TO VOTE IN PERSON, YOU MAY WITHDRAW YOUR PROXY.

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FLOWERS FOODS, INC.
1919 Flowers Circle
Thomasville, Georgia 31757
PROXY STATEMENT
FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD
JUNE 3, 2005

This proxy statement and the accompanying form of proxy are being furnished to the shareholders of Flowers Foods, Inc. on or about April 29, 2005 in connection with the solicitation of proxies by our Board of Directors for use at the Annual Meeting of Shareholders to be held on June 3, 2005 at 11:00 A.M. Eastern Time at the Thomasville Cultural Center, 600 East Washington Street, Thomasville, Georgia, and any adjournment or postponement of the meeting.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the Annual Meeting?

At the Annual Meeting, shareholders will:

vote to elect four nominees as directors of the company to serve for a term of three years and two nominees as directors of the company to serve for a term of two years;

consider and vote on our 2001 Equity and Performance Incentive Plan, as amended and restated as of February 11, 2005;

consider and vote on the ratification of the appointment of PricewaterhouseCoopers LLP as the independent public accountants for Flowers Foods for the fiscal year ending December 31, 2005; and

transact any other business that may properly come before the meeting and any adjournment or postponement of the meeting.

In addition, Flowers Foods' senior management team will report on the performance of the company and respond to questions from shareholders.

How does the Board of Directors recommend that I vote on each proposal?

The Board of Directors recommends that you vote **FOR**:

the election of the four director-nominees to serve as Class I directors until 2008 and the two director-nominees to serve as Class III directors until 2007;

our 2001 Equity and Performance Incentive Plan, as amended and restated as of February 11, 2005; and

the ratification of the appointment of PricewaterhouseCoopers LLP as our independent public accountants for the fiscal year ending December 31, 2005.

What is a proxy?

A proxy is your legal designation of another person to vote the shares of Flowers Foods common stock you own as of the record date for the Annual Meeting. If you appoint someone as your proxy in a written document, that document is also called a proxy or a proxy card. We have designated three of our executive officers as proxies for the 2005 Annual Meeting of Shareholders. These three officers are George E. Deese, our President and Chief Executive Officer, Jimmy M. Woodward, our Senior Vice President and Chief Financial Officer and Stephen R. Avera, our Senior Vice President, Secretary and General Counsel.

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Who can vote?

To be eligible to vote, you must have been a shareholder of record of the company's common stock at the close of business on April 15, 2005, which is the record date for the Annual Meeting. There were 40,610,008 shares of our common stock outstanding and entitled to vote on the record date.

How many votes do I have?

With respect to each matter to be voted upon at the Annual Meeting, you are entitled to one vote for each share of common stock you held on the record date for the Annual Meeting. For example, if you owned 100 shares of our common stock on the record date, you would be entitled to 100 votes for each matter to be voted upon at the Annual Meeting.

How do I vote?

You can vote in one of four ways. You can vote by mail, via the Internet, by telephone or you can vote in person at the Annual Meeting. By executing and returning your proxy (either by returning the enclosed proxy card or by submitting your proxy electronically via the Internet or by telephone), you appoint George E. Deese, Jimmy M. Woodward and Stephen R. Avera to represent you at the Annual Meeting and to vote your shares at the Annual Meeting in accordance with your voting instructions.

Voting by Mail. You may vote by completing and signing the enclosed proxy card and promptly mailing it in the enclosed postage-paid envelope. The envelope does not require additional postage if you mail it in the United States.

Internet Voting. If you have Internet access, you may authorize the voting of your shares from any location in the world by following the "Vote by Internet" instructions set forth on the enclosed proxy card.

Telephone Voting. You may authorize the voting of your shares by following the "Vote by Telephone" instructions set forth on the enclosed proxy card.

Vote at the Meeting. If you attend the Annual Meeting, you may vote by delivering your completed proxy card in person or you may vote by completing a ballot. Ballots will be available at the Annual Meeting.

The Internet and telephone voting procedures are designed to authenticate shareholder identities, to allow shareholders to give voting instructions and to confirm that shareholders' instructions have been recorded properly. Any shareholder voting by Internet should understand that there may be costs associated with electronic access, like usage charges from Internet access and telephone or cable service providers, that must be paid by the shareholder.

What if I do not give any instructions on a particular matter described in this proxy statement when voting by mail?

Shareholders should specify their choice for each matter on the enclosed proxy card. If no specific instructions are given, proxies that are signed and returned will be voted **FOR** each matter to be voted on at the Annual Meeting.

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Can I change my vote after I have mailed my proxy card or after I have authorized the voting of my shares over the Internet or by telephone?

Yes. You can change your vote and revoke your proxy at any time before the polls close at the Annual Meeting by doing any one of the following things:

Signing another proxy with a later date;

Giving our corporate secretary a written notice before or at the Annual Meeting that you want to revoke your proxy; or

Voting in person at the Annual Meeting.

Your attendance at the Annual Meeting alone will not revoke your proxy.

How do I vote my 401(k) shares?

If you participate in the Flowers Foods, Inc. 401(k) Retirement Savings Plan, by signing and returning your proxy you will direct Putnam Fiduciary Trust Company, the Trustee of the 401(k) plan, how to vote the Flowers Foods, Inc. common shares allocated to your Stock Account. Any unvoted or unallocated shares will be voted by the Trustee in the same proportion on each proposal as the Trustee votes the shares of stock credited to the 401(k) plan participants accounts for which the Trustee receives voting directions from the 401(k) plan participants. The number of shares you are eligible to vote is based on your balance in the 401(k) plan on the record date for the Annual Meeting.

Can I vote if my shares are held in street name?

If your shares are held in street name through a broker, bank or other holder of record, you will receive instructions from the registered holder that you must follow in order for your shares to be voted for you by that record holder. Telephone and Internet voting is also offered to shareholders who own their Flowers Foods shares through certain banks and brokers.

What constitutes a quorum?

The holders of at least a majority of the shares of our common stock entitled to vote at the Annual Meeting are required to be present in person or by proxy to constitute a quorum for the transaction of business.

Abstentions and broker non-votes will be counted as present in determining whether the quorum requirement is satisfied but will not be included in vote totals and will not affect the outcome of the vote. A non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal pursuant to discretionary authority or instructions from the beneficial owner, but does not vote on another proposal because the nominee has not received instruction from the beneficial owner and does not have discretionary power. The aggregate number of votes cast by all shareholders present in person or represented by proxy at the meeting, whether those shareholders vote for or against the proposals, will be counted for purposes of determining the minimum number of affirmative votes required for approval of the proposals, and the total number of votes cast for each of these proposals will be counted for purposes of determining whether sufficient affirmative votes have been cast.

What vote is required for each matter to be voted upon at the Annual Meeting?

Once a quorum has been established, the vote of the holders of a majority of the shares of our common stock present at the meeting in person or by proxy will decide the action proposed on each matter identified in this proxy statement, except the election of directors. Directors will be elected at the meeting by a plurality of the votes cast by holders of shares of our common stock entitled to vote in the election. In other words, the six director-nominees receiving the highest number of votes cast at the Annual Meeting will be elected, regardless of whether that number represents a majority of the votes cast.

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Will any other business be conducted at the Annual Meeting or will other matters be voted on?

Our Board of Directors does not know of any other business to be brought before the meeting, but if any other business is properly brought before the meeting, the persons named as proxies, Messrs. Deese, Woodward and Avera, will exercise their judgment in deciding how to vote or otherwise act at the Annual Meeting with respect to that matter or proposal.

Where can I find the voting results from the Annual Meeting?

We will report the voting results in our quarterly report on Form 10-Q for the second quarter of fiscal 2005, which we expect to file with the Securities and Exchange Commission (SEC) on or about August 25, 2005.

How and when may I submit a shareholder proposal for the 2006 Annual Meeting?

For information on how and when you may submit a shareholder proposal for the 2006 Annual Meeting, please refer to the section entitled Shareholder Proposals in this proxy statement.

Who pays the costs of soliciting these proxies?

We will pay the cost of soliciting proxies. We have engaged Georgeson Shareholder Communications, Inc. to assist in the solicitation of votes for a fee of \$10,000, plus out-of-pocket expenses. In addition, our directors and officers may solicit proxies in person, by telephone or facsimile but will not receive additional compensation for these services. Brokerage houses, nominees, custodians and fiduciaries will be requested to forward soliciting material to beneficial owners of stock held of record by them, and we will reimburse those persons for their reasonable expenses in doing so.

How can I obtain an Annual Report on Form 10-K?

A copy of Flowers Foods Annual Report, which includes our Form 10-K and our financial statements for the fiscal year ended January 1, 2005, is being mailed with this proxy statement to all shareholders entitled to vote at the meeting. The Annual Report does not form any part of the material for the solicitation of proxies.

The Annual Report is also available on our website at www.flowersfoods.com. You may also receive a copy of the Annual Report free of charge by sending a written request to Flowers Foods, Inc., 1919 Flowers Circle, Thomasville, Georgia 31757, Attn: Investor Relations Dept.

If I cannot attend the Annual Meeting, will a webcast be available on the Internet?

Shareholders can listen to a live audio webcast of the Annual Meeting over the Internet on the company s website at www.flowersfoods.com. This webcast also will be archived on the site.

We have included the website address for reference only. The information contained on our website is not incorporated by reference into this proxy statement and does not form any part of the materials used for the solicitation of proxies.

Who should I contact if I have any questions?

If you have any questions about the Annual Meeting or your ownership of our common stock, please contact Marta J. Turner, our Senior Vice President of Corporate Relations, at the above address or by calling (229) 226-9110.

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**PROPOSAL I
ELECTION OF DIRECTORS**

Our Board of Directors is divided into three classes, with Class I and Class III consisting of four members and Class II consisting of three members. The directors in each class serve for a term of three years. Directors are elected annually to serve until the expiration of the term of their class or until their successors are elected and qualified. Background information concerning each of our director-nominees and the incumbent directors is provided below.

In July 2004, the company increased the size of the Board of Directors and named Melvin T. Stith as a Class III director. The Board of Directors was further expanded with the additions of Manuel A. Fernandez as a Class III director in January 2005 and Benjamin H. Griswold IV as a Class I director in February 2005. In accordance with our amended and restated bylaws, any director elected because of an increase in the size of the Board of Directors shall be elected only until the next election of directors by the shareholders. Accordingly, upon the recommendation of the Nominating/ Corporate Governance Committee, in addition to the nomination of Messrs. Lanier and Wood and Ms. Ward as Class I directors, the Board of Directors nominated Mr. Griswold as a Class I director and Messrs. Fernandez and Stith as Class III directors for election to the Board of Directors.

The following nominees are proposed for election in Class I, to serve until 2008:

Benjamin H. Griswold, IV

Joseph L. Lanier, Jr.

Jackie M. Ward

C. Martin Wood III

The following nominees are proposed for election in Class III to serve until the expiration of the term of their class in 2007:

Manuel A. Fernandez

Melvin T. Stith

Unless instructed otherwise, the proxies will be voted for the election of the six nominees named above to serve for the terms indicated or until their successors are elected and have been duly qualified. If any nominee is unable to serve, proxies may be voted for a substitute nominee selected by the Board of Directors. However, our Board of Directors has no reason to believe that any nominee will not be able to serve if elected.

Class I Director-Nominees

Benjamin H. Griswold, IV, age 64, retired in February 2005 as senior chairman of Deutsche Bank Securities, a position he had held since 1999. Prior to that time, Mr. Griswold held several positions with Alex. Brown & Sons, ultimately being elected the firm's chairman of the board. Following the merger of Alex. Brown and Bankers Trust New York, he became senior chairman of BT Alex. Brown, which was acquired by Deutsche Bank in 1999. Mr. Griswold also served on the board of the New York Stock Exchange, completing his term in 1999. He currently serves on the board of directors of The Black & Decker Corporation (NYSE), on the advisory board of Princeton University's Bendheim Center for Finance and as a trustee of Johns Hopkins University. Mr. Griswold joined the Flowers Foods Board of Directors in February 2005.

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Joseph L. Lanier, Jr., age 73, currently serves as Chairman of the Board of Directors of Dan River Inc. (NYSE), a Danville, Virginia textile company. Mr. Lanier retired as Chief Executive Officer of Dan River in February 2005, a position he had held since 1989. He is also a director of Dimon, Inc. (NYSE), where he previously served as Chairman of the Board, and Torchmark Corp. (NYSE). Mr. Lanier has served as a director of Flowers Foods since March 2001, and he previously served as a director of Flowers Industries, Inc. from 1977 until March 2001.

Jackie M. Ward, age 66, has been an outside managing director of Intec Telecom Systems since December 2000. Prior to that time, she was President, CEO & Chairman of the Board of Directors of Computer Generation Incorporated, a telecommunications company based in Atlanta, Georgia that she co-founded, from 1968 until it was acquired by Intec in December 2000. She is also a director of Bank of America Corporation (NYSE), Equifax, Inc. (NYSE), Sanmina-SCI Systems Corporation (NASDAQ), Anthem, Inc. (NYSE) and SYSCO Corporation. (NYSE). Ms. Ward served as a director of Flowers Industries, Inc. from March 1999 until March 2001, and she has served as a director of Flowers Foods since March 2001.

C. Martin Wood III, age 61, has been a partner in Wood Associates, a private investment firm, since January 2000. He retired as Senior Vice President and Chief Financial Officer of Flowers Industries, Inc. on January 1, 2000, a position that he had held since 1978. Mr. Wood served on the Flowers Industries, Inc. Board of Directors, from 1975 until March 2001. Mr. Wood also served as a director of Keebler Foods Company from 1996 until March 2001, and he has served as a director of Flowers Foods since March 2001.

Class III Director-Nominees

Manuel A. Fernandez, age 57, has been the managing director of SI Ventures, a venture capital firm, since 1998 and chairman emeritus of Gartner, Inc., a leading information technology research and consulting company, since 2001. Prior to his present positions, Mr. Fernandez was chairman, president, and chief executive officer of Gartner. Previously, he was president and chief executive officer at Dataquest, Inc., Gavilan Computer Corporation, and Zilog Incorporated. He has served as a director of Flowers Foods since January 2005. Mr. Fernandez also serves on the board of directors of Brunswick Corporation (NYSE) and The Black & Decker Corporation (NYSE)

Melvin T. Stith, Ph.D., age 58, is dean of the Whitman School of Management at Syracuse University in New York. From 1991 to November 2004, he was dean of the College of Business at Florida State University in Tallahassee and the Jim Moran Professor of Business Administration. He also is a director of Synovus Financial Corporation (NYSE) and Correctional Services Corporation (NASDAQ) and previously served on the board of Rexall Sundown, Inc. and Keebler Foods Company. He has served as a director of Flowers Foods since July 2004

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT
YOU VOTE FOR ALL OF THE ABOVE DIRECTOR-NOMINEES**

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Incumbent Directors

Class II Directors Serving Until 2006

Joe E. Beverly, age 63, has been Chairman of the Board of Directors of Commercial Bank in Thomasville, Georgia, a wholly-owned subsidiary of Synovus Financial Corp. (NYSE), a financial services company, since 1989. He is also the former Vice Chairman of the Board of Directors of Synovus Financial Corp, and is a director of Synovus Financial Corp. He was President of Commercial Bank from 1973 to 1989. Mr. Beverly has served as a director of Flowers Foods since March 2001, and he previously served as a director of Flowers Industries, Inc. from August 1996 until March 2001.

Amos R. McMullian, age 67, has been Chairman of the Board of Directors of Flowers Foods since November 2000. He previously served as Chief Executive Officer of Flowers Foods from November 2000 to January 2004. Mr. McMullian previously served as Chairman of the Board of Directors of Flowers Industries, Inc. from 1985 until March 2001 and as its Chief Executive Officer from 1981 until March 2001. Mr. McMullian previously served as a director of Keebler Foods Company from 1996 to March 2001. Mr. McMullian is a director of Hughes Supply, Inc. (NYSE).

J.V. Shields, Jr., age 67, has been Chairman of the Board of Directors and Chief Executive Officer of Shields & Company, a New York diversified financial services company and member of the New York Stock Exchange, Inc., since 1982. Mr. Shields also is the Chairman of the Board of Directors and Chief Executive Officer of Capital Management Associates, Inc., a registered investment advisor, and the Chairman of the board of trustees of The BBH Funds, the Brown Brothers Harriman mutual funds group. He has served as a director of Flowers Foods since March 2001, and he previously served as a director of Flowers Industries, Inc. from March 1989 until March 2001.

Class III Directors Serving Until 2007

Franklin L. Burke, age 64, has been a private investor since 1991. He is the former Senior Executive Vice President and Chief Operating Officer of Bank South Corp., an Atlanta, Georgia banking company, and the former Chairman and Chief Executive Officer of Bank South, N.A., the principal subsidiary of Bank South Corp. He has served as a director of Flowers Foods since March 2001. Mr. Burke previously served as a director of Flowers Industries, Inc. from 1994 until March 2001 and as a director of Keebler Foods Company from 1998 until March 2001.

George E. Deese, age 59, has been President and Chief Executive Officer of Flowers Foods since January 2004. Previously, he served as President and Chief Operating Officer of Flowers Foods from May 2002 to January 2004 and as President and Chief Operating Officer of Flowers Bakeries, the company's core

business division, from 1983 to May 2002. Mr. Deese is the immediate past chairman of the American Bakers Association (ABA) and served for the past eight years on the ABA board and executive committee. He previously served as vice chairman for Quality Bakers of America (QBA) and as a member of the QBA board for 15 years. Mr. Deese joined Flowers Foods in 1964.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Principal Shareholders**

The following table lists information regarding the ownership of our common stock by the only non-affiliated individuals, entities or groups known to us to be the beneficial owner of more than 5% of our common stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(3)
Gabelli Asset Management, Inc. One Corporate Center Rye, New York 10580-1435	4,026,294(1)	9.9%
Barclays Global Investors NA 45 Fremont Street, 17 th Floor San Francisco, CA 94105	3,184,716(2)	7.8%

- (1) The beneficial ownership reported in the table above for Gabelli Asset Management, Inc. is based upon filings with the SEC. According to the Schedule 13D/ A filed on January 13, 2005, Gabelli Funds, LLC has sole voting and dispositive power with respect to 956,000 shares; GAMCO Investors, Inc. has sole voting power with respect to 2,854,996 shares and sole dispositive power with respect to 3,063,294 shares; and MJG Associates, Inc. has sole voting and dispositive power with respect to 7,000 shares.
- (2) The beneficial ownership reported in the table above for Barclays Global Investors NA is based upon filings with the SEC. According to the Schedule 13G filed on February 14, 2005, Barclays Global Investors NA has sole voting power with respect to 1,929,184 shares and sole dispositive power with respect to 2,126,302 shares; Barclays Global Fund Advisors has sole voting power with respect to 1,039,303 shares and sole dispositive power with respect to 1,045,014; and Palomino Limited has sole voting and dispositive power with respect to 13,400 shares.
- (3) Percent of class is based upon the number of shares of Flowers Foods common stock outstanding on April 15, 2005.

Share Ownership of Certain Executive Officers, Directors and Director-Nominees

The following table lists information as of April 15, 2005 regarding the number of shares owned by each director, each director-nominee, each executive officer listed on the summary compensation table included later in this proxy statement, and by all of our directors, director-nominees and executive officers as a group:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Stephen R. Avera	53,555(2)	*
Joe E. Beverly	62,993(3)	*
Franklin L. Burke	31,943(4)	*
George E. Deese	501,367(5)	1.23%
Manuel A. Fernandez	545(6)	*

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Benjamin H. Griswold, IV	391(7)	*
Joseph L. Lanier, Jr.	60,416(8)	*
Gene D. Lord	112,414(9)	*
Amos R. McMullian	1,338,721(10)	3.30%
J. V. Shields, Jr.	3,148,629(11)	7.75%
Allen L. Shiver	129,078(12)	*
Melvin T. Stith	1,690(13)	*

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Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Jackie M. Ward	27,002(14)	*
C. Martin Wood III	1,543,345(15)	3.80%
Jimmy M. Woodward	181,570(16)	*
All Directors, Director-Nominees and Executive Officers as a Group (15 persons)	7,193,659	17.71%

* Represents beneficial ownership of less than 1% of Flowers Foods common stock

- (1) Unless otherwise indicated, each person has sole voting and dispositive power with respect to all shares listed opposite his or her name.
- (2) Includes unexercised stock options for 49,050 shares.
- (3) Includes (i) unexercised stock options for 22,500 shares and (ii) restricted stock awards of 1,690 shares all of which are subject to forfeiture. Also includes 20,691 shares owned by the spouse of Mr. Beverly, as to which shares Mr. Beverly disclaims any beneficial ownership.
- (4) Includes (i) unexercised stock options for 22,500 shares and (ii) restricted stock awards of 1,690 shares all of which are subject to forfeiture. Also includes 3,937 shares owned by the spouse of Mr. Burke, over which Mr. Burke and his spouse share investment authority.
- (5) Includes (i) 9,936 shares owned by the spouse of Mr. Deese, as to which Mr. Deese disclaims any beneficial ownership; (ii) unexercised stock options for 173,250 shares and (iii) restricted stock awards of 50,000 shares all of which are subject to forfeiture.
- (6) Includes restricted stock awards of 545 shares all of which are subject to forfeiture.
- (7) Includes restricted stock awards of 391 shares all of which are subject to forfeiture.
- (8) Includes (i) unexercised stock options for 22,500 shares and (ii) restricted stock awards of 1,690 shares all of which are subject to forfeiture. Also includes 10,750 shares owned by the spouse of Mr. Lanier, as to which Mr. Lanier disclaims any beneficial ownership.
- (9) Includes unexercised stock options for 74,700 shares.
- (10) Includes (i) unexercised stock options for 739,800 shares and (ii) restricted stock awards of 1,690 shares all of which are subject to forfeiture.
- (11) Includes (i) unexercised stock options for 22,500 shares and (ii) restricted stock awards of 1,690 shares all of which are subject to forfeiture. Also includes (i) 1,482,864 shares held by investment advisory clients of Capital Management Associates, Inc., of which Mr. Shields is Chairman of the Board of Directors and Chief Executive Officer, and (ii) 1,574,075 shares owned by the spouse of Mr. Shields, as to which Mr. Shields disclaims any beneficial ownership. Mr. Shields' business address is Shields & Company, 140 Broadway, New York, NY

10005.

- (12) Includes unexercised stock options for 103,500 shares. Also includes 3,000 shares held by Mr. Shiver as custodian for his minor children and 877 shares held by the spouse of Mr. Shiver, as to which shares Mr. Shiver disclaims any beneficial ownership.
- (13) Includes restricted stock awards of 1,690 shares all of which are subject to forfeiture.
- (14) Includes (i) unexercised stock options for 22,500 shares and (ii) restricted stock awards of 1,690 shares all of which are subject to forfeiture.
- (15) Includes (i) unexercised stock options for 22,500 shares and (ii) restricted stock awards of 1,690 shares all of which are subject to forfeiture. Also includes 23,085 shares held by a trust of which Mr. Wood is co-trustee and 1,289,457 shares owned by the spouse of Mr. Wood, as to which shares Mr. Wood disclaims any beneficial ownership.
- (16) Includes unexercised stock options for 173,250 shares.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Other than as set forth below, based solely upon a review of our records and written representations by the persons required to file these reports, all stock transaction reports required to be filed by Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act) with the SEC were timely filed in fiscal 2004 by directors and executive officers.

Due to administrative errors, the Form 4s reporting certain transactions in the common stock of the company by C. Martin Wood III, a director of the company, were not filed until (i) December 16, 2004 with respect to certain transactions made on December 2, 2004 and December 6, 2004 and (ii) December 29, 2004 with respect to a transaction made on December 22, 2004.

CORPORATE GOVERNANCE

General

Flowers Foods believes that good corporate governance is essential to ensure that our company is effectively managed for the long-term benefit of our shareholders. We have thoroughly reviewed our corporate governance policies and practices and compared them with those recommended by corporate governance advisors and the practices of other publicly-held companies.

Based upon this review we have adopted the following corporate governance documents:

Corporate Governance Guidelines

Audit Committee Charter

Compensation Committee Charter

Nominating/ Corporate Governance Committee Charter

Finance Committee Charter

Code of Business Conduct and Ethics for Officers and Members of the Board of Directors.

You can access the full text of all these corporate governance documents on our website at www.flowersfoods.com by clicking on the Investor Center tab and selecting Corporate Governance. You can also receive a copy of these documents by writing to Flowers Foods, Inc., 1919 Flowers Circle, Thomasville, Georgia 31757, Attn: Investor Relations Dept.

Determination of Independence

Pursuant to the Corporate Governance Guidelines, the Nominating/ Corporate Governance Committee and the Board of Directors are required to annually review the independence of each director and/or director-nominee. During this review, transactions and relationships among each director or any member of his or her immediate family and the company are considered, including, among others, all commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships and those reported in this proxy statement under Transactions with Management and Others. In addition, transactions and relationships among directors or their affiliates and members of senior management and their affiliates are examined. The purpose of this annual review is to determine whether each director meets the applicable criteria for independence under the Rules of the New York Stock Exchange (NYSE Rules) and the Corporate Governance Guidelines. Only those directors who meet the applicable criteria for independence and the Board of Directors affirmatively determines have no direct or indirect material relationship with the company will be considered independent directors.

As part of our Corporate Governance Guidelines, we have adopted categorical standards which provide that certain relationships will be considered material relationships and will preclude a director s independence.

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The standard we have adopted for determining director independence is that an independent director is one who:

has not been employed by the company or any of its subsidiaries or affiliates, or whose immediate family member has not been employed as an executive officer by the company, within the previous three years.

does not, or whose immediate family member does not, receive more than \$100,000 per year in direct compensation from the company, other than director and committee fees and pension or other forms of deferred compensation for prior service, provided such compensation is not contingent in any way on continued service (such person is presumed not to be independent until three years after he or she (or their immediate family member) ceases to receive more than \$100,000 per year in such compensation); provided that compensation received by an immediate family member for service as an employee of the company (other than an executive officer) need not be considered;

(A) is not, or whose immediate family member is not a current partner of a firm that is the company's internal or external auditor; (B) is not a current employee of such a firm; (C) does not have an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) has not been, or whose immediate family member has not been, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the company's audit within that time.

is not employed, or whose immediate family member is not employed, as an executive officer of another company where any of the company's present executives serve on that company's compensation committee (such person is not independent until three years after the end of such service or the employment relationship);

is not a current employee, or whose immediate family member is not a current executive officer, of a company that has made payments to, or received payments from, the company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

The Nominating/ Corporate Governance Committee and the Board of Directors conducted the required annual independence review in February 2005. Upon the recommendation of the Nominating/ Corporate Governance Committee, the Board of Directors affirmatively determined that a majority of our directors and director-nominees are independent of the company and its management as required by the NYSE Rules and the Corporate Governance Guidelines. Messrs. Burke, Beverly and Shields are independent directors. Messrs. Fernandez, Griswold, Lanier, Stith and Wood and Ms. Ward are independent director-nominees. Mr. McMullian is considered an inside director because of the proximity of his past employment as an executive officer of the company. Mr. Deese is considered an inside director because he is currently an executive officer of the company. Each director and director-nominee abstained from voting as to themselves.

The foregoing discussion of director independence is applicable only to service as a member of the Board of Directors, the Compensation Committee and the Nominating/ Corporate Governance Committee. Additional guidelines apply to the members of the Audit Committee under applicable law and NYSE Rules.

Presiding Director

Pursuant to the Corporate Governance Guidelines, the Board of Directors created the position of presiding director, whose primary responsibility is to preside over periodic executive sessions of the Board of Directors in which management directors and other members of management do not participate. Each year, a presiding director is selected from a rotation of the independent directors. For fiscal 2005, Joseph L. Lanier, Jr. has been appointed the presiding director.

Table of Contents**Shareholder Communication with Directors**

The Board of Directors will give proper attention to written communications that are submitted by shareholders and will respond if appropriate. Shareholders interested in communicating directly with the Board of Directors as a group, the independent directors as a group or any individual director may do so by writing to Presiding Director, Flowers Foods Inc., 1919 Flowers Circle, Thomasville, GA 31757. Absent circumstances contemplated by committee charters, the presiding director, with the assistance of our Senior Vice President, Secretary and General Counsel will monitor and review all shareholder correspondence and provide copies or summaries of such communications to other directors as they deem appropriate.

The Board of Directors and Committees of the Board of Directors

In accordance with the company's amended and restated bylaws, the Board of Directors has set the number of members of the Board of Directors at eleven. The Board of Directors held ten meetings in fiscal 2004. During the last completed fiscal year, no incumbent director attended fewer than 75% of the total number of meetings of the Board of Directors and any committee on which he or she served.

Our Board of Directors has established several standing committees: an Audit Committee, a Nominating/Corporate Governance Committee, a Compensation Committee and a Finance Committee. The Board of Directors has adopted a written charter for each of these committees, all of which are available on the company's website at www.flowersfoods.com.

The following table describes the current members of each of the committees and the number of meetings held during fiscal 2004:

	Audit Committee	Nominating/ Corporate Governance Committee	Compensation Committee	Finance Committee
Franklin L. Burke*	Chair		X	X
Joe E. Beverly*	X	X		X
George E. Deese				
Manuel A. Fernandez*	X			
Benjamin H. Griswold IV*				
Joseph L. Lanier, Jr.*		X	Chair	
Amos R. McMullian				
J.V. Shields, Jr.*				X
Melvin T. Stith*	X			
Jackie M. Ward*	X	Chair	X	
C. Martin Wood III*				Chair
Number of Meetings	15	6	6	8

* Independent Directors

Audit Committee

Under the terms of the Audit Committee charter, the Audit Committee represents and assists the Board of Directors in fulfilling its oversight responsibilities with respect to:

the integrity of the company's financial statements;

the company's compliance with legal and regulatory requirements;

the independent auditors' qualifications and independence; and

the performance of the company's internal audit function and independent auditors.

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The Audit Committee's authorities and duties include:

responsibility for overseeing the company's financial reporting process on behalf of the Board of Directors;

direct responsibility for the appointment, retention, termination, compensation and oversight of the work of the independent auditor employed by the company, which reports directly to the committee, and sole authority to pre-approve all services to be provided by the independent auditor;

review and discussion of the company's annual audited financial statements and quarterly financial statements with the company's management and its independent auditor;

review of the internal audit function's organization, plans and results and of the qualifications and performance of the independent auditors (the company's internal audit function and its compliance officer report directly to the Audit Committee);

review with management the effectiveness of the company's internal controls; and

review with management any material legal matters and the effectiveness of the company's procedures to ensure compliance with its legal and regulatory responsibilities.

The Board has determined that all Audit Committee members are independent as defined by the NYSE Rules and under SEC rules and regulations. The Board of Directors has also determined that Mr. Burke, the chairman of the Audit Committee, is an audit committee financial expert under Item 401(h) of Regulation S-K of the Securities Act of 1933, as amended (the Securities Act). Each member of the Audit Committee is financially literate, knowledgeable and qualified to review financial statements.

Nominating/ Corporate Governance Committee

Under the terms of its charter, the Nominating/ Corporate Governance Committee is responsible for considering and making recommendations to the Board of Directors with regard to the function and needs of the Board, and the review and development of our Corporate Governance Guidelines. In fulfilling its duties, the Nominating/ Corporate Governance Committee shall:

receive identification of individuals qualified to become Board members;

select, or recommend that the Board select, the director-nominees for our next annual meeting of shareholders;

evaluate incumbent directors;

develop and recommend corporate governance principles applicable to our company;

review possible conflicts of interest of directors and management and make recommendations to prevent, minimize or eliminate such conflicts;

make recommendations to the Board regarding the independence of each director;

review director compensation;

oversee the evaluation of the Board and management; and

perform any other duties and responsibilities delegated to the committee from time to time.

Our Board has determined that all members of the Nominating/ Corporate Governance Committee are independent as defined by the NYSE Rules and our Corporate Governance Guidelines. For information relating to nomination of

directors by shareholders, please see Selection of Director-Nominees.

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Compensation Committee

Under the terms of its charter, the Compensation Committee has overall responsibility for evaluating and approving the company's compensation plans, policies and programs. The Compensation Committee's primary functions are to:

review and approve corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluate our Chief Executive Officer's performance in light of these goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve our Chief Executive Officer's compensation level based on this evaluation;

make recommendations to the Board with respect to non-Chief Executive Officer compensation, incentive-compensation plans and equity-based plans;

administer equity-based incentive plans and other plans adopted by the Board that contemplate administration by the Compensation Committee;

oversee regulatory compliance with respect to compensation matters;

review employment agreements, severance agreements and any severance or other termination payments proposed with respect to any of our executive officers; and

produce a report on executive compensation for inclusion in our proxy statement for the annual meeting of shareholders.

Our Board has determined that all members of the Compensation Committee are independent as defined by the NYSE Rules and our Corporate Governance Guidelines.

Finance Committee

The primary functions of the Finance Committee are to:

make recommendations to the Board of Directors with respect to the approval, adoption and any significant amendment to all of the company's defined benefit and defined contribution plans and trusts (the retirement plans);

oversee the administration of the retirement plans and approve the selection of any third-party administrators;

review and employ managers to review the investment results of the retirement plans and the investment policies of the retirements plans and monitor and adjust the asset allocations of the retirement plans;

oversee, in consultation with management, regulatory and tax compliance matters with respect to the retirement plans; and

make recommendations to the Board of Directors with respect to management's capital expenditure plans and other uses of the company's cash flows (including the financial impact of stock repurchases, acquisitions and the payment of dividends), the company's credit facilities, commodities hedging and liquidity matters.

Relationships Among Certain Directors

J.V. Shields, Jr. and C. Martin Wood III are married to sisters.

Directors' Fees

Each non-employee director receives an annual restricted stock award valued at \$40,000, based on the market price of our common stock on the Monday following the Annual Meeting of Shareholders. Directors elected by the Board during the following year receive a prorated award. Additionally, each non-employee director receives payments pursuant to a standard arrangement. For fiscal 2004, these directors received: (i) a

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retainer of \$2,500 per month; (ii) \$1,500 for each meeting of the Board of Directors or committee of the Board of Directors attended, with the chairmen of the Audit and Compensation Committees receiving an annual retainer of \$15,000 and \$10,000, respectively, and the chairs of all other committees receiving an annual retainer of \$5,000; and (iii) reimbursement for travel expenses. In addition to the above-described fees and retainers, in fiscal 2004, Mr. McMullian received a fee of \$100,000 for his services as the non-executive Chairman of the Board of Directors and \$250,000 pursuant to the terms of a Consulting Agreement with the company.

Non-employee directors are eligible to participate in our 2001 Equity and Performance Incentive Plan (the "EPIP"), our Stock Appreciation Rights Plan (the "SAR Plan") and our Executive Deferred Compensation Plan (the "EDCP"). Under the EPIP non-employee directors received restricted stock grants as described above. The restricted stock vests one year from the date of grant. Under the SAR Plan, a non-employee director may elect to receive stock appreciation rights in lieu of cash payments for the retainers described above. Stock appreciation rights granted under the SAR Plan do not give the director an equity interest in the company. Stock appreciation rights vest one year from the date of issuance, and the director has ten years to exercise these rights. The company is required to value stock appreciation rights at a required measurement date based on the difference in the fair market value of the company's common stock on such measurement date and the grant price. The difference is recorded as an expense to the company. Additionally, each stock appreciation right receives credit for any dividends paid on an equivalent number of shares of the company's common stock. Under the EDCP, non-employee directors may elect to defer all or any portion of their annual retainer and meeting fees. All deferrals earn interest until paid to the director. Generally, the deferral plus interest is paid to the director upon retirement or termination from the Board of Directors.

Selection of Director-Nominees

The Nominating/ Corporate Governance Committee identifies and considers director candidates recommended by its members and other Board members, as well as management and shareholders. A shareholder who wishes to recommend a prospective director-nominee for the committee's consideration should submit the candidate's name and qualifications to Flowers Foods, Inc., 1919 Flowers Circle, Thomasville, Georgia 31757, Attention: Senior Vice President, Secretary and General Counsel. The Nominating/ Corporate Governance Committee will also consider whether to recommend for nomination any person identified by a shareholder pursuant to the provisions of our amended and restated bylaws relating to shareholder nominations. Recommendations by shareholders that are made in accordance with these procedures will receive the same consideration given to nominees of the Nominating/ Corporate Governance Committee.

The Nominating/ Corporate Governance Committee believes that any director-nominee must meet the director qualification criteria set forth in our Corporate Governance Guidelines before it could recommend such director-nominee for election to the Board of Directors. These factors include:

- integrity and demonstrated high ethical standards;
- the ability to express opinions, raise tough questions and make informed, independent judgments;
- experience managing or operating public companies;
- knowledge, experience and skills in at least one specialty area;
- ability to devote sufficient time to prepare for and attend Board of Directors meetings;
- willingness and ability to work with other members of the Board of Directors in an open and constructive manner;
- ability to communicate clearly and persuasively; and
- diversity in background, personal and professional experience, viewpoints or other demographics.

The Nominating/ Corporate Governance Committee considers these factors as it deems appropriate, as well as other factors it determines are pertinent in light of the current needs of the Board of Directors. The

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Nominating/ Corporate Governance Committee may use the services of a third-party executive search firm to assist it in identifying and evaluating possible director-nominees.

Attendance at Annual Meetings

In accordance with our Corporate Governance Guidelines, directors are expected to rigorously prepare for, attend and participate in all meetings of the Board of Directors and meetings of the committees on which they serve and to devote the time necessary to appropriately discharge their responsibilities. Aside from these requirements, the company does not maintain a formal policy for attendance by directors at annual meetings of shareholders. However, except for Messrs. Fernandez, Griswold and Stith who joined the Board after the 2004 Annual Meeting of Shareholders, all of our directors have attended the Annual Meeting of Shareholders for the last two years.

EXECUTIVE COMPENSATION**Summary Compensation Table**

The following table contains certain summary information for fiscal years 2004, 2003 and 2002 regarding compensation of the Chief Executive Officer and each of the four other most highly compensated executive officers of Flowers Foods.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Comp. (\$)(1)	Restricted Stock Awards (\$)	Option Awards (#)	Long Term Incentive Payouts (\$)	All Other Comp. (\$)(2)
George E. Deese President and Chief Executive Officer	2004	600,000	345,150	23,750	1,300,000			74,101
	2003	433,173	179,086			171,000		52,975
	2002	394,792	240,360					37,765
Gene D. Lord President and Chief Operating Officer, Flowers Bakeries Group	2004	343,200	131,617					3,175
	2003	336,346	202,396			102,150		1,669
	2002	285,954	167,036					1,784
Jimmy M. Woodward Senior Vice President and Chief Financial Officer	2004	337,869	129,573					26,754
	2003	323,654	133,815			102,150		21,279
	2002	300,000	75,000					20,044
Allen L. Shiver President and Chief Operating Officer, Flowers Specialty Group	2004	322,400	121,702					12,989
	2003	318,654	77,194			102,150		12,585
	2002	268,462	118,432					1,171
Stephen R. Avera	2004	307,107	117,776					12,913
	2003	288,846	108,677			72,150		11,704

Senior Vice President, Secretary and General Counsel	2002	268,287	103,620	7,966
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- (1) For fiscal 2004, represents dividends paid on restricted stock.
- (2) Represents company-paid life insurance premiums and contributions by the company under certain defined contribution plans and the EDCP.

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There were no options granted during fiscal 2004.

Aggregated Option Exercises and Fiscal Year End Option Values

None of our executive officers named in the summary compensation table exercised options during the fiscal year ended January 1, 2005. The table below provides information on the value of options held by such executive officers, based on the value of such options on January 1, 2005. This value is calculated as the difference between the exercise price of the option and \$31.58 per share, which was the closing price of our common stock on December 31, 2004 as reported by *The Wall Street Journal*.

Name	Shares		Number of Securities Underlying Unexercised Options At Fiscal Year End(#)		Value of Unexercised In-the-Money Options at Fiscal Year End(\$)	
	Acquired on Exercise (#)	Value Realized (\$)	Exercisable	Unexercisable	Exercisable	Unexercisable
George E. Deese				344,250		5,635,798
Gene D. Lord				176,850		2,730,097
Jimmy M. Woodward				275,400		4,908,742
Allen L. Shiver				205,650		3,366,779
Stephen R. Avera				121,200		1,846,252

Separation Agreements

We entered into separation agreements with specified executive officers (as such term is defined under the Securities Exchange Act of 1934, as amended). These agreements serve as memoranda of the change in control benefits under certain of our benefit plans, and provide additional benefits, including relocation benefits and certain welfare benefits, in the event of a termination of employment following a change in control. These agreements also provide for tax gross-up payments to neutralize any excise taxes that are imposed on payments subject to Section 4999 of the Internal Revenue Code of 1986, as amended, referred to as the Code, and any additional income taxes that are attributable to those payments. Our Compensation Committee may select, in its sole discretion, any additional executives to be offered such separation agreements.

Retirement Plan

We adopted the Flowers Foods, Inc. Retirement Plan No. 1, referred to as the retirement plan, which provides a defined benefit pension upon retirement to eligible employees of participating subsidiaries (but not to employees of Flowers Foods) that is based upon each year of service with the participating subsidiary. Additionally, the retirement plan provides a defined benefit pension upon retirement to eligible employees (including employees of non-participating subsidiaries and of Flowers Foods) who were participants under the Flowers Industries, Inc. Retirement Plan No. 1 prior to the spin-off from Flowers Industries, Inc. that is based upon each year of service with Flowers Industries, Inc. and/ or certain of its subsidiaries. The pension benefit is the sum of annual credits earned during eligible employment. The basic annual credit is 1.35% of the first \$10,000 of W-2 earnings (subject to certain exclusions) for each year of service and 2% of W-2 earnings (subject to certain exclusions) in excess of \$10,000 for each year of service. Certain additional annual credits are provided for a limited group of participants in the retirement plan. The table below includes the estimated amounts that are payable to the individuals indicated upon their retirement at age 65 under the provisions of the retirement plan, assuming that payment is made in the form of a life annuity. Effective as of the date of our spin-off from Flowers Industries, Inc., Messrs. Deese and Woodward had accrued a fixed benefit under the retirement plan as set forth in the table below and will not earn additional benefits under the retirement plan for years of service with Flowers Foods and/ or non-participating subsidiaries. Effective as of December 30, 2001, Mr. Avera had accrued a fixed benefit under the retirement plan as set forth in the table below

and will not earn additional benefits under the retirement plan for years of service with Flowers Foods. Effective as of July 14, 2002, Mr. Shiver had accrued a fixed benefit under the retirement plan as set forth in the table below, and will not earn additional benefits under the retirement plan for years of service with non-participating

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subsidiaries. Because of his employment by a participating subsidiary of the company, Mr. Lord will continue to earn additional benefits under the retirement plan.

**Estimated Amounts Payable Under
the Retirement Plan For Certain Individuals**

	Credited Years of Service		Projected Annual Benefit
George E. Deese	38	\$	98,051
Gene D. Lord	39	\$	103,500
Jimmy M. Woodward	17	\$	36,383
Allen L. Shiver	24	\$	43,746
Stephen R. Avera	17	\$	33,158

Supplemental Executive Retirement Plan

Our supplemental executive retirement plan, referred to as the SERP, provides a supplemental retirement income benefit for any executive who is a participant in the retirement plan, if the retirement plan benefit is subject to restrictions that apply to tax-qualified plans. The supplemental benefit is equal to (i) the benefit the executive would have received according to the retirement plan formula if the executive had not been subject to limitations on maximum benefits or pensionable compensation received from tax-qualified plans and if certain amounts of compensation that the executive elected to defer under non-qualified deferred compensation programs were taken into account as pensionable compensation, minus (ii) the amount the executive will receive from the retirement plan, as adjusted for these limits, and minus (iii) the amount of the monthly accrued benefit under the Flowers Industries, Inc. Supplemental Executive Retirement Plan as of March 26, 2001, which was paid out in the form of a lump sum in connection with the termination of that plan. The SERP is not tax-qualified. The purpose of the plan is to ensure that each participating executive's total retirement income benefits will equal the amounts that would have been payable under the retirement plan absent the limitations described above. Payments pursuant to this plan will be calculated in the form of a life only annuity, and the actuarial equivalent thereof will be paid in the form which the participating executive has elected for purposes of the retirement plan. Payments will be made from Flowers Foods' general assets. Payments generally will be made at the same time as the participant's distributions from the retirement plan, except in the event of a change in control of Flowers Foods, in which event the actuarial equivalent of anticipated payments will be paid immediately in a lump sum. Accruals under this plan during fiscal 2004 amounted to \$64,676 and \$593 was distributed from the plan during fiscal 2004.

Executive Deferred Compensation Plan

Our EDCP allows certain members of management to defer the receipt of a percentage of their salary and bonus. The EDCP is not a tax-qualified plan. The purpose of the EDCP is to provide a benefit to certain members of management whose contributions to the company's defined contribution plan, a tax qualified plan, are limited by statutory restrictions. The participants' deferrals are credited to an account established for the participant and earn interest until paid. Additionally, the company makes contributions to the plan on behalf of the participant, which also earn interest until paid. Interest earned on deferrals and company contributions to The EDCP are based on the Merrill Lynch U.S. Corp., BBB-rated Fifteen-Year Bond Index plus 150 basis points. Generally, the deferrals and company contributions plus interest are paid to the participant upon termination of employment. Contributions credited to the EDCP on behalf of the executives and included in the all other compensation column of the executive compensation table above, amounted to \$92,404 in fiscal 2004. During fiscal 2004, \$54,421 was distributed from the plan.

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Report on Executive Compensation

Our executive compensation program is administered by the Compensation Committee of our Board of Directors, which is comprised of three independent directors. Our Compensation Committee met six times during fiscal 2004 to evaluate the executive compensation program to assure that it is reasonable, equitable and competitive. The Compensation Committee considers the recommendations of independent compensation specialists in evaluating compensation levels, plan design and administration.