Dear Shareholder:

Flowers Foods delivered solid sales growth in 2011, a year marked by continued economic and marketplace pressures. This performance demonstrates the strength of our fresh bakery business, the power of our Nature's Own brand, and our ability to grow our company by market expansion and acquisitions.

Earnings for the year were impacted by high input costs resulting from volatile commodity markets and consumer reaction to food inflation. We are managing through these challenges so we can deliver future results in line with our long-term targets.

Key results for 2011: sales of $\$ 2.77$ billion, up $7.8 \%$ from 2010; net income of $\$ 123.4$ million, down $9.9 \%$; and diluted earnings per share of $\$ .90$, down $9.1 \%$. Adjusted for one-time charges related to the Tasty Baking acquisition and a facility closure, diluted EPS for the year was $\$ .96$, down $3.0 \%$.

The year 2011 was marked by a number of significant events. In March, we announced new long-term goals for annual sales growth of $5 \%$ to $10 \%$, including acquisitions, EBITDA margin of $11 \%$ to $13 \%$, and double-digit earnings per share growth. We also expect that by 2016, at least $75 \%$ of the U.S. population will have access to our Nature's Own brand, already the best-selling soft variety bread brand in the country. Acquisitions, market expansion, new bakeries, and further penetration of core markets will help us achieve our growth goals.

In May, we acquired Tasty Baking Company, with two cake bakeries in Pennsylvania, the iconic Tastykake brand, and an outstanding team of employees and sales distributors. Tasty surpassed our sales expectation for the year. In September, we began introducing Tastykakes into Flowers' core markets, and we are pleased with consumer acceptance. We will be introducing Nature's Own and other bread brands into Tasty's market in the Northeast in 2012.

In 2011, the consolidation of the U.S. baking industry continued. Flowers Foods now is a strong number two in the total U.S. baking industry and one of only four large companies focused on the fresh baked foods category. With industry consolidation underway, we expect further acquisition opportunities.

We continue to improve productivity, reduce waste, and control costs, while enhancing the quality of our products. We have charged every department-and every team member-with finding ways to do things better and more efficiently. We remain committed to reinvesting in our bakeries, developing new products, and providing outstanding service to our customers-actions that continue to give Flowers Foods considerable competitive advantages.

We appreciate the hard work and initiative of our employees as they work The Flowers Way, and the efforts of all our independent distributors and associates. Our talented team is one of our greatest assets. We also recognize the valuable guidance of our board of directors.

Despite the challenges faced in 2011, we have never been more confident in the future of Flowers Foods. We are focused on operational excellence, marketplace execution, and growth opportunities-all of which will build value for our shareholders over the long-term. Thank you for your investment in our company.


George E. Deese
Chairman and CEO


Allen L. Shiver President

Flowers Foods, Inc. (NYSE: FLO), with $\$ 2.8$ billion in sales, is the second-largest producer and marketer of packaged bakery foods in the U.S. We operate 41 highly efficient bakeries that produce breads, buns, rolls, tortillas, snack cakes, and pastries. Fresh bakery foods are available to more than $60 \%$ of the U.S. population in 31 states, primarily in the Southeast, Southwest, and mid-A tlantic regions, as well as select markets in the Northeast, California and Nevada, and are distributed by a network of independendent distributors. Frozen bakery foods and snack cakes are sold nationally through customersíwarehouses. Our top brands--N atureśs Own, Tastykake,
 Cobblestone M ill, and M rs. Freshley'́--are known for quality, value, and good taste. We also sell baked foods under such regional and franchised brands as Sunbeam, B unny, B utterK rust, Captain J ohn Derstśs, Evangeline M aid, M ary J ane, A unt Hattiés, and Holsum.


ANNUAL SALES GROWTH 5\% - 10\%
(organic growth $3 \%-5 \%$, acquisitions $2 \%-5 \%$ )
EBITDA MARGIN $11 \%$ - 13\%


## 2004-2011 Expansion

DSD sales added: . $5 \%$ to $1 \%$ annually
DISTRIBUTION 82\% direct store delivery (DSD); 18\% direct to customersíwarehouses

## FINANCIAL HIGHLIGHTS

| Sales | $\$ 2,773,356$ | $\$ 2,573,769$ | $7.8 \%$ |
| :--- | ---: | ---: | ---: |
| Net income | $\$ 123,428$ | $\$ 137,047$ | $-9.9 \%$ |
| Diluted net income <br> per share | $\$ 0.90$ | $\$ 0.99$ | $-9.1 \%$ |
| Cash dividends <br> per common share | $\$ 0.583$ | $\$ 0.517$ | $12.8 \%$ |

A cquired Tasty Baking Co., with two bakeries in Pennsylvania, and introduced Tastykakes into Flowersícore markets
Invested $\$ 79$ million in capital projects to enhance industry position as the low-cost producer

Added 2 new production lines to bakeries in Texas Introduced N aturés Own 100\% W hole Grain Specialty B read and $100 \%$ Whole Grain Sandwich and Hot Dog Rolls

## THE FLOWERS WAY

2 FlowersFoods






