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DEAN FOODS CO
Form 425
May 03, 2001

1

FILED BY SUIZA FOODS
CORPORATION PURSUANT TO
RULE 425 OF THE SECURITIES
ACT OF 1933 AND DEEMED
FILED PURSUANT TO RULE
14a-12 OF THE SECURITIES
EXCHANGE ACT OF 1934

SUBJECT COMPANY: DEAN FOODS COMPANY
COMMISSION FILE NO. 1-08262

2

Some of the statements in this document are "forward-looking" and are made pursuant to the safe harbor provision of the Securities Litigation Reform Act of 1995. These "forward-looking" statements include statements relating to (1) the impact the companies expect the proposed transaction to have on earnings per share, (2) the companies' expectations about their ability to successfully integrate the combined businesses, (3) the amount of cost savings and overall operational efficiencies the companies expect to realize as a result of the proposed transaction, (4) when the companies expect to close the proposed transaction, (5) the level of divestitures necessary to obtain regulatory approval, (6) the companies' projected combined sales, EBITDA and margins, (7) the ability of the companies to implement and continue branding initiatives and product innovations in a cost effective manner, (8) the ability of the companies to obtain financing for the transaction upon the terms contemplated, and (9) the ability to meet their stated financial goals. These statements involve risks and uncertainties which may cause results to differ materially from those set forth in these statements. The ability to achieve the earnings per share projected and to realize projected cost savings and operational efficiencies is dependent upon their ability in the time periods projected, to (i) consolidate or reduce certain administrative or centralized functions, (ii) obtain certain goods and services more cost effectively, (iii) shift production and distribution between operating locations without disruption in their operations or in their relations with their customers, and (iv) close the proposed transactions on the terms contemplated. The ability to close the proposed transaction in the third quarter is subject to receipt of shareholder approval and regulatory approval. The level of divestitures necessary to obtain regulatory approval of the transaction is subject to the extent of competition in the various markets in which the combining companies operate, as determined by the Department of Justice, other regulatory authorities and potentially, state and federal courts. The ability of the companies to achieve projected combined sales, EBITDA and margins is dependent upon the ability of the combining companies to maintain their existing customer and other business relationships or to replace such customers or business relationships with other comparable relationships and upon economic, governmental and competitive conditions generally. The ability of the companies to obtain financing and the terms of such financing is subject to the financial condition and operating performance of each of the combining companies prior to closing and to economic and financial market conditions generally. Other risks affecting the business of the companies are identified in their filings with the Securities and Exchange Commission, including the Suiza Foods Annual Report on Form 10-K for the year ended December 31, 2000 and the Dean Foods Annual Report on Form 10-K for the year ended May 28, 2000. All forward-looking statements in

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this press release speak only as of the date hereof. Suiza and Dean Foods expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in their expectations or any changes in the events, conditions or circumstances on which any such statement is based.

Other Legal Information

Suiza and Dean Foods expect to file with the SEC a joint proxy statement/prospectus and other relevant documents concerning the proposed transaction. INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN ITS BECOMES AVAILABLE AND ANY AMENDMENTS OR SUPPLEMENTS TO THE JOINT PROXY STATEMENT/PROSPECTUS AS WELL AS ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION

3

CONCERNING THE PROPOSED TRANSACTION. Investors will be able to obtain the joint proxy statement/prospectus and other documents filed with the SEC free of charge at the SEC's website (<http://www.sec.gov>). In addition, the joint proxy statement/prospectus and other documents filed by Suiza and Dean Foods with the SEC may be obtained free of charge by contacting Suiza Foods Corporation, 2515 McKinney Avenue, Suite 1200, Dallas, Texas 75201, Attn: Investor Relations (tel 214-303-3400), or Dean Foods, 3600 North River Road, Franklin Park, Illinois 60131, Attn: Corporate Secretary (tel 847-678-1680).

Suiza, Dean Foods and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Suiza and Dean Foods in connection with the transaction. The directors and executive officers of Suiza and their beneficial ownership of Suiza common stock are set forth in the proxy statement for the 2000 annual meeting of Suiza. The directors and executive officers of Dean Foods and their beneficial ownership of Dean Foods common stock are set forth in the proxy statement for the 2000 annual meeting of Dean Foods. You may obtain the proxy statements of Suiza and Dean Foods free of charge at the SEC's website (<http://www.sec.gov>). Stockholders of Suiza and Dean Foods may obtain additional information regarding the interest of such participants by reading the joint proxy statement/prospectus when it becomes available.

4

The communication filed herewith is a May 3, 2001 press release announcing earnings for the first quarter ended March 31, 2001.

[SUIZA LOGO]

NEWS RELEASE

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SUIZA FOODS CORPORATION REPORTS 15.5% GROWTH
IN FIRST QUARTER DILUTED EARNINGS PER SHARE
BEFORE NON-RECURRING ITEMS TO \$0.82

Suiza Records 21st Consecutive Quarter of Record Sales and Earnings Per Share

Sales Grow 5.8% to \$1.5 Billion;
Net Income Before Non-Recurring Items Rises 12.1% to \$23.8 Million

DALLAS, May 3, 2001 - Suiza Foods Corporation (NYSE: SZA), the nation's leading dairy processor and distributor, today announced net sales totaled \$1.5 billion for the quarter ended March 31, 2001, an increase of 5.8% over the first quarter of 2000. First quarter net income before non-recurring items increased 12.1% to \$23.8 million from \$21.3 million in the first quarter of 2000.

Diluted earnings per share before non-recurring items for the quarter totaled \$0.82, an increase of 15.5% over the first quarter of 2000. Diluted cash earnings per share before non-recurring items grew 14.6% to \$1.02. The calculation of cash earnings per share incorporates the guidelines contained within the Business Combination and Intangibles exposure draft issued by the Financial Accounting Standards Board.

First quarter operating income before non-recurring items increased 8.5% to \$84.7 million, compared with \$78.1 million in the 2000 first quarter. Consolidated operating margins before non-recurring items improved 15 basis points to 5.7%.

"We are pleased with our first quarter results, and we continue to have confidence in our ability to deliver diluted earnings per share growth in the range of 10% to 12% for 2001," said Gregg Engles, Chairman and Chief Executive Officer of Suiza Foods. "We benefited during the first quarter of this year from lower operating expenses due to organizational changes effected in 2000 and improvements in

5

our Puerto Rico operations. These improvements were offset by slight margin erosion at Suiza Dairy Group and Morningstar due to the rising raw material environment. Nevertheless, we successfully managed through the rising cost environment this quarter, and we expect to continue to do so as the year progresses."

During the quarter, the company also recorded a non-recurring charge of approximately \$843,000 related to closing its Canton, Miss. plant.

FIRST QUARTER HIGHLIGHTS

During the first quarter, the company:

- o Repurchased a total of 123,334 shares of its common stock for a total cost of \$6.1 million. Currently, \$101.3 million remains available under the company's share repurchase authorization.
- o Launched the Sun Soy Coffee Latte flavored soymilk beverage in February as part of the company's commitment to continuing to deliver innovative products to customers and consumers.
- o Announced a definitive agreement to merge with Dean Foods

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Company, creating a \$10 billion national dairy and specialty foods company. The proposed merger will bring together two companies with complementary operations, products and distribution networks, and expands both Suiza's and Dean's geographic reach.

"We are extremely proud and excited about our recently announced transaction with Dean Foods. We believe that the merger will create a well-capitalized company capable of generating significant cash flow and that has an opportunity to accelerate both sales and earnings growth," said Engles. "This is a tremendous opportunity to generate value for our shareholders, customers and consumers. Not only will the merged company have the scale and geographic reach to better serve our customers, but we will also have greater opportunities to invest against innovative new products. The end result will be better product offerings for customers and consumers, which should translate into increased overall fluid milk consumption, thereby benefiting the entire industry."

6

The company noted that it filed its Hart-Scott Rodino application with the Justice Department on April 9, 2001.

CONFERENCE CALL WEBCAST

A conference call to discuss the company's financial results and outlook will be held at 10:00 a.m. eastern today. The call may be heard live by visiting the "Conference Calls and Webcasts" section of the company web site at www.suizafoods.com.

Suiza Foods Corporation, based in Dallas, is the nation's leading dairy processor and distributor, producing a full line of company-branded and customer-branded products. National brands include International Delight(R), Second Nature(R), Naturally Yours(R), Mocha Mix(R), Sun Soy(TM), kidsmilk(TM) and fitmilk(R). Regional brands consist of Adohr Farms(R), Barbe's(R), Brown's Dairy(TM), Broughton(R), Country Fresh(R), Dairy Gold(R), Dairymen's(R), Flav-O-Rich(R), Garelick Farms(R), Lehigh Valley Farms(R), London's(R), Meadow Gold(R), Model Dairy(R), Oak Farms(R), Poudre Valley(R), Robinson(R), Schenkel's All Star Dairy, Schepps(R), Shenandoah's Pride(R), Suiza Dairy(R), Louis Trauth Dairy(R), Tuscan(R), Velda Farms(R) and West Lynn Creamery(R), as well as Celta(R) in Spain. Suiza also sells products under partner or licensed brands in certain regions, including Borden(R), Lactaid(R), Foremost(R) and Pet(R). Additionally, the company owns approximately 43% of Consolidated Container Company, one of the nation's largest manufacturers of rigid plastic containers.

FORWARD LOOKING STATEMENT

Some of the statements in this press release are "forward-looking" and are made pursuant to the safe harbor provision of the Securities Litigation Reform Act of 1995. These "forward-looking" statements include statements relating to (1) the company's projected earnings per share growth for 2001, (2) the company's projected operating results for the balance of 2001, particularly in light of the company's expectations for the raw material pricing environment, and (3) the company's expectations regarding its proposed merger with Dean Foods, including the company's expectation that the merger will enhance the company's ability to generate sales and earnings growth as well as its innovation capabilities. These statements involve risks and uncertainties, which may cause results to differ materially from the statements set forth in this press release. The company's ability to meet targeted financial and operating results during the remainder of 2001, including targeted sales, operating margins and earnings per share,

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depends on a variety of economic, competitive and governmental factors, many of which are beyond the company's control and which are described in Suiza's filings with the Securities and Exchange Commission. The company's ability to generate increased sales and earnings as a result of the proposed merger with Dean Foods is dependent upon economic, governmental and competitive conditions generally, and on the company's ability in the time period projected, to (i) maintain existing customer and other business relationships or to replace such customers or business relationships with other comparable relationships, (ii) consolidate or reduce certain administrative or centralized functions, (iii) obtain certain goods and services more cost effectively, (iv) shift production and distribution between operating locations without disruption in operations or in customer relations, and (v) close the proposed transaction on the terms contemplated. Other risks relating to the proposed merger with Dean Foods are identified in the joint press release of the company and Dean Foods filed by the company with the Securities and Exchange Commission with its Form 8-K dated April 5, 2001, as amended on April 10, 2001. The forward-looking statements in this press release speak only as of the date of this release. Suiza expressly disclaims any obligation or undertaking to release publicly any updates or

7

revisions to such statements to reflect any change in its expectations with regard thereto or any changes in the events, conditions or circumstances on which any such statement is based.

OTHER LEGAL INFORMATION

Suiza Foods and Dean Foods expect to file with the SEC a joint proxy statement/prospectus and other relevant documents concerning the proposed merger. Investors are urged to read the joint proxy statement/prospectus when it becomes available and any amendments or supplements to the joint proxy statement/prospectus as well as any other relevant documents filed with the SEC, because they will contain important information concerning the proposed transaction. Investors will be able to obtain the joint proxy statement/prospectus and other documents filed with the SEC free of charge at the SEC's website (<http://www.sec.gov>). In addition, the joint proxy statement/prospectus and other documents filed by Suiza Foods and Dean Foods with the SEC may be obtained free of charge by contacting Suiza Foods, 2515 McKinney Avenue, Suite 1200, Dallas, Texas 75201, Attn: Investor Relations (tel 214-303-3400) or Dean Foods, 3600 North River Road, Franklin Park, Illinois 60131, Attn: Investor Relations (tel 847-678-1680).

Suiza Foods, Dean Foods and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Suiza Foods and Dean Foods in favor of the transaction. The directors and executive officers of Suiza Foods and their beneficial ownership of Suiza Foods common stock are set forth in the proxy statement for the 2000 annual meeting of Suiza Foods. The directors and executive officers of Dean Foods and their beneficial ownership of Dean Foods common stock are set forth in the proxy statement for the 2000 annual meeting of Dean Foods. You may obtain the proxy statements of Suiza Foods and Dean Foods free of charge at the SEC's website (<http://www.sec.gov>). Stockholders of Suiza Foods and Dean Foods may obtain additional information regarding the interest of such participants by reading the joint proxy statement/prospectus when it becomes available.

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8

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SUIZA FOODS CORPORATION
(Dollars in thousands, except per share data)

	Three months ended March 31,	
	2001	2000
Net sales	\$ 1,474,352	\$ 1,394,141
Cost of sales	1,117,837	1,053,983
 Gross profit	 356,515	 340,158
Operating costs and expenses	271,794	262,073
Plant closing costs	843	1,774
 Operating income	 83,878	 76,311
 Interest expense & financing charges on preferred securities	 35,697	 35,630
Equity in earnings of unconsolidated affiliates	(1,673)	(1,869)
Other (income) expense	691	(547)
 Income before income taxes and minority interest	 49,163	 43,097
Income taxes	18,667	16,179
Minority interest	6,979	6,324
 Net income before extraordinary items	 23,517	 20,594
Extraordinary gain		4,968
Cumulative effect of accounting change	(1,446)	
 Net income	 \$ 22,071	 \$ 25,562
 Net income before non-recurring items	 \$ 23,846	 \$ 21,274
 Diluted EPS before non-recurring items	 \$ 0.82	 \$ 0.71
 Diluted cash EPS before non-recurring items	 \$ 1.02	 \$ 0.89
 Basic earnings per share:		
Income before extraordinary items	\$ 0.86	\$ 0.71
Extraordinary gain	--	0.17
Cumulative effect of accounting change	(0.05)	--
 Net income	 \$ 0.81	 \$ 0.88
 Basic average common shares (000's)	 27,355	 29,071

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Diluted earnings per share:		
Income before extraordinary items	\$ 0.81	\$ 0.69
Extraordinary gain	--	0.13
Cumulative effect of accounting change	(0.04)	--
	-----	-----
Net income	\$ 0.77	\$ 0.82
	=====	=====
Diluted average common shares (000's)	35,785	37,611
 Summary Financial Information:		
Depreciation	\$ 23,822	\$ 24,070
Amortization of intangibles	\$ 13,341	\$ 12,706
Amortization shown in interest expense	\$ 666	\$ 572

9

SUIZA FOODS CORPORATION
Condensed Balance Sheet
(in thousands)

ASSETS	March 31, 2001	December 31, 2000
	-----	-----
Cash and cash equivalents	\$ 21,089	\$ 31,110
Other current assets	769,855	786,821
	-----	-----
Total current assets	790,944	817,931
Property, plant & equipment	1,002,431	1,003,769
Intangibles & other assets	1,950,352	1,958,778
	-----	-----
Total Assets	\$ 3,743,727	\$ 3,780,478
	=====	=====
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Total current liabilities	\$ 688,470	\$ 699,908
Long-term debt	1,163,338	1,225,045
Other long-term liabilities	183,250	157,816
Mandatorily redeemable TIPES	584,177	584,032
Minority interest in subsidiaries	512,577	514,845
Stockholders' equity:		
Common stock	274	273
Additional paid-in capital	171,968	166,361
Retained earnings	455,380	433,309

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Other comprehensive income	(15,707)	(1,111)
	-----	-----
Total stockholders' equity	611,915	598,832
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 3,743,727	\$ 3,780,478
	=====	=====

Segment Information
(Dollars in Thousands)

	Three Months Ended	
	March 31,	
	2001	2000
	-----	-----
Revenue		
Dairy	\$ 1,202,816	\$ 1,122,005
Morningstar	173,499	159,204
Packaging	38,108	
Other	98,037	74,824
	-----	-----
Consolidated	\$ 1,474,352	\$ 1,394,141
	=====	=====
Operating Income before Non-Recurring Items		
Dairy	\$ 67,724	\$ 65,764
Morningstar	21,517	20,452
Packaging	220	
Other	(4,520)	(8,351)
	-----	-----
Consolidated	\$ 84,721	\$ 78,085
	=====	=====