

Dean Foods sold

Watsonville plant to stay open

By MICHAEL MERRILL

STAFF WRITER

WATSONVILLE — Jeff Shaw, who heads Dean Foods' vegetable division, based in Green Bay, Wisconsin, announced this week that its Watsonville plant, along with 12 other vegetable processing plants owned by Chicago-based Dean Foods, has been sold to Agrilink Foods, a New York-based food cooperative. Dean Foods is one of the few remaining vegetable processing plants in

Watsonville.

"Dean Foods has simply decided to concentrate on its dairy business," Shaw said. "This transaction allows the vegetable division to be owned by an agricultural cooperative, while giving Dean Foods \$400 million to make additional dairy acquisitions."

Watsonville Plant Manager Craig Rasmussen said the number of employees working at the Watsonville operation varies throughout the year. "Right now we have approximately 650 employees," Rasmussen said. "We expect that number to rise to close to 1,000 as we enter the peak season."

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Shaw said local workers should not expect any changes in their employment status.

Agrilink has not yet reported its fiscal 1998 earnings but in fiscal 1997 the company reported sales of \$731 million and operating earnings of \$50 million. "This acquisition is clearly in line with our strategic direction," said Agrilink President and CEO Dennis M. Mullen. "Our strategic plan has called for growth and with this transaction, we are taking a significant step forward in growing our cooperative."

Paul Milladin was one of the orig-

inal owners of the plant when it was named Shaw Frozen Foods, and helped arrange the sale to Dean Foods in 1989. He still holds a substantial amount of stock.

He said last month that he thought the two most likely buyers for the plant would be Dole or Simplot. The fact that Dean Foods had in reality been negotiating with Agrilink was apparently a well guarded secret and it took most industry insiders by surprise.

Last month, Shaw denied reports that the company was for sale. This morning he said this deal had recently been reached.

Milladin said he had noticed the two most obvious signs that a deal was in the works. "The local plant

has been cutting back severely, trying to improve its bottom line, and in spite of the fact that the vegetable division of Dean Foods has been losing money hand-over-fist, the stock had been rising in recent weeks," Milladin said. Shaw countered that, saying the company had not had any problems with poor performance.

Shaw says the sale will mean a positive change for Watsonville. "This will probably mean more volume in the Watsonville plant," Shaw said, "and I think it bodes well for Watsonville's long term future."

Shaw said he will stay on as head of the vegetable division, working as an independent division of Agrilink.