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Dean Foods plans purchase of Norcal-Crosetti

By SUSANNA HECKMAN
STAFF WRITER

Rumors that the Illinois-based Dean Foods Co. has been negotiating to buy Norcal-Crosetti Foods in Watsonville have turned out to be correct.

Dean Foods owns the Richard A. Shaw Co. plant in Watsonville. It announced yesterday that it has signed a letter of intent to purchase a majority stake in Norcal.

The deal would put the two larg-

est frozen-food plants in the Pajaro Valley under one ownership.

It would also mean all three major Watsonville vegetable processors would not be under local ownership. The third major plant is Pillsbury-Green Giant, owned by London-based Grand Metropolitan.

The investment deal is still subject to a number of conditions, including approval by the Federal Trade Commission. If all goes as planned, however, the deal could

close within 90 days.

Norcal's president, David Gill, said in a statement released yesterday afternoon that the deal insures that Norcal will continue to operate as an independent company.

"We believe Dean's investment and other actions we have taken will provide Norcal with a long-term level of stability that ... has not been present," Gill said.

Norcal was formed in the mid-

1980s when Gill took over Watsonville Canning and Frozen Food Co. when it fell into bankruptcy during a bitter strike.

Byron Johnson, the president of Shaw, said on behalf of Dean Foods yesterday that the company was excited about the deal.

"We think it shows tremendous commitment to Watsonville and to the frozen-food industry on the part of Dean Foods," he said. "I think it probably saved a lot of

jobs."

The announcement said Norcal has annual sales of about \$55 million. It processes and distributes frozen vegetables for food-service and retail customers throughout the United States.

Dean Foods is the nation's third-largest vegetable processor, with annual sales in vegetables in excess of \$350 million.

Howard M. Dean, the chairman and chief executive officer of Dean

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Foods, said, "We are pleased to have reached this agreement with Norcal. Norcal is an established processor of frozen vegetables with a fine reputation for quality products."

"We are optimistic that our expertise in efficient vegetable processing and marketing will enhance the long-term value of Norcal."

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Dean Foods is also involved in producing and distributing dairy products and frozen novelties and specialty foods, such as dips, pickles, relishes and powdered coffee creamers. Overall sales for the six months ending Nov. 24 were \$1.08 billion, for a net profit of \$32.8 million or 81 cents per share.

Sergio Lopez of Teamsters Local 912, which represents hundreds of seasonal and full-time workers at both Norcal and Shaw's, said that he had been told there would be no down-sizing or loss of jobs as a result of the investment deal.

"I can only hope that this further constriction of the industry will mean that the (industry) marketing will be reinforced," he said. "If that happens, it will be a plus."