

# Dean's in Watsonville will stay in business

## Company to close plants across nation

By STEVE PALOPOLI

STAFF WRITER

**WATSONVILLE** — Top Deans Foods Co. executives said today that the company's restructuring plan will not affect its Watsonville plant "in any way."

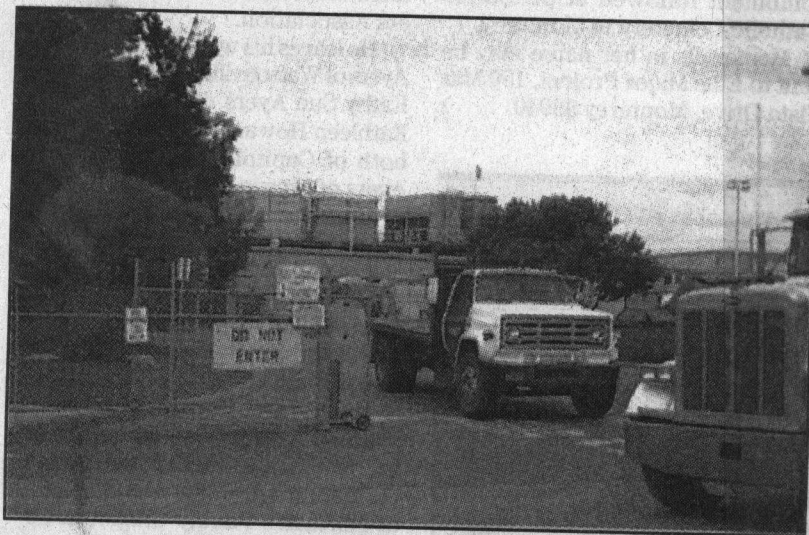
The company said Tuesday it will close or "dispose" of 13 of its 64 processing plants nationwide and that 840 jobs will be eliminated.

Bill McManaman, vice-president of finance for the Illinois-based company, said plants marked for disposal are not currently in operation and might be sold in the future.

A major part of the restructuring involves a shift away from vegetable operations, and seven of the company's 20 vegetable plants will be closed or disposed. However, Dean Foods executives said the frozen-food plant on Harvest Drive in Watsonville will not be affected.

The plant is among the area's largest employers with a payroll of 1,000 people.

"Our plant in Watsonville will continue to run just as it is," Howard Dean, chairman of Dean Foods, said from his Illinois office today. "We're very happy with the way things in our Watsonville plant are going. I don't think they'll be affected in any



Michael McCollum

**Operations will continue normally at Dean Foods at the corner of Harvest and Riverside drives.**

way."

"There's no impact on Watsonville," said Jeff Shaw, company vice-president and president of Dean Foods' vegetable division.

Shaw, speaking from his office in Green Bay, Wis., said the plan did incorporate some announcements made in January, when the company closed its Salinas plant. In February, Dean Foods also closed the Norcal Crosetti plant it bought last year.

Shaw said the company would soon announce what plants will be affected by the new reorganization. "Before we announce anything specific, we want to talk to the impacted plants and people," he said.

The changes in the company's

vegetable operations were driven by an unstable market and declining profits in that area, said Chairman Dean.

"The whole vegetable industry's had problems," said Dean, "and our vegetable product has had trouble."

Dean Foods plans to reduce its capital expenditures by \$20 million in 1997, compared to this year, including the cuts in its vegetable division. The company plans to put more emphasis on its milk, pickle and specialty products.

Vice-President of Finance McManaman said the restructuring plans are a result of a "strategic review that has been taking place over the last few months" and involved

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a detailed study of Dean Foods total operations.

Dean Foods' Harvest Drive plant is the only remaining frozen-food plant in Watsonville. In the early '80s, when Watson-

ville was known as the "frozen food capital of the world," there were four plants owned by four different frozen-vegetable companies.

In the late '80s, Dean Foods bought the Harvest Drive plant from the Richard A. Shaw company. Jeff Shaw is a son of company founder Dick Shaw.