Dean Foods' Special Dividend Frequently Asked Questions

Why are you recapitalizing the balance sheet and declaring a special dividend?

Underpinning our decision to recapitalize the business and return capital to shareholders is our commitment to consistently deliver value to shareholders in the most efficient and direct manner possible, balanced by the strategic needs of our business to ensure sustained, profitable growth. A convergence of factors led us to the decision to move forward with this transaction. First, we are embarking on the next phase in our evolution where we expect our focus to be primarily on building internal capabilities and driving internal growth, and we expect our capital needs to be modest by historical standards. Second, our business has a very strong history of cash flow generation. Third, the debt capital markets make this transaction very attractive, lowering our overall cost of capital while allowing shareholders continued participation in the future of Dean Foods.

This seems like a fairly substantial dividend. How did you arrive at this amount?

Our advisors assisted us in carefully evaluating our options to determine the most prudent use of our cash and the best method with which to return value to shareholders. It was determined that the one-time special cash dividend of $15 per share, equal to approximately $2 billion (depending on the number of shares outstanding) returned the greatest value, while at the same time giving us enough financial flexibility to support our growth plans and allowing shareholders to continue to participate in the future of the Company.

When will the dividend be paid?

The payment date for the $15.00 per share dividend is planned for April 2, 2007. The stock will begin trading ex-dividend, at the market open on April 3, 2007. As noted in our press release, payment of the dividend is subject to completion of our new financing.

What happens if I buy or sell stock between the record date and the payment date?

Dean Foods common stock will start trading on an ex-dividend basis beginning on April 3, 2007, the day after the payment date, in accordance with NYSE rules. Shareholders who sell their shares prior to the payment date of April 2, 2007 will also be selling their right to receive the special cash dividend. Shareholders are advised to contact their financial advisor before selling their shares.

Will this dividend be taxed as an ordinary dividend?

For U.S. federal income tax purposes, shareholders will receive a Form 1099-DIV in early 2008 to notify them of the division between the dividend and non-dividend portions of the special dividend. The process of determining these amounts, which entails a comprehensive review and analysis of the company's history, is well underway. Shareholders are encouraged to consult with their own tax and financial advisors regarding the implications of this special dividend.

You indicate that the dividend is conditioned on completing your new financing. Can we count on that?
We expect to complete the financing and pay the dividend. If for some unforeseen reason, our refinancing is not completed, we would, of course, not be in a position to pay the dividend.

When will the Company know the total size of the dividend?
Subject to the completion of the financing, we are paying a dividend to common stockholders of $15 per share. The total amount of the dividend depends on how many shares are outstanding on the record date. Based on an analysis of shares used for our recently filed 10-K, the total dividend would be $1.93 billion. If all exercisable options are exercised before the record date, the amount of the total dividend would go to $2.12 billion.

Can you explain the financing of the dividend?
We are financing the special cash dividend by recapitalizing our balance sheet through a recently committed $4.8 billion fully underwritten financing package that is being arranged by JPMorgan Securities, Bank of America, and Wachovia Capital Markets. The new credit facility consists of:

5-year $1.5 billion senior secured revolving credit facility
5-year $1.5 billion senior secured term loan A
7-year $1.8 billion senior secured term loan B

The financing is subject to customary closing conditions. The final sizing of the components of the new capital structure may differ slightly from these amounts and will be determined during the syndication process this month. We will issue a press release once the transaction is completed with the final details of the financing package.

Forward-Looking Statements

Some of the statements in this document are “forward-looking” within the meaning of the Private Securities Litigation Reform Act of 1995. Please see the note concerning Forward-Looking Statements in the press release that accompanies this document.