

How will the distribution affect my tax basis in Dean Foods common stock?

Shareholders' tax basis in Dean Foods Company ("Dean Foods or DF") common stock will be allocated between Dean Foods common stock and TreeHouse Foods, Inc. ("TreeHouse or THS") common stock received in the distribution in proportion to their relative fair market values on the date of the distribution.

Example:

Assume a shareholder held 100 shares of Dean Foods common stock before the distribution, which were purchased at an aggregate cost of \$2,000. Based on the terms of the distribution, the shareholder receives 1 share of TreeHouse common stock for each 5 shares of Dean Foods common stock, or 20 (100 divided by 5) shares of TreeHouse common stock.

The IRS regulations do not provide specific guidance for determining the fair value of the common stock post-spin (e.g., opening trade price, average trade price, closing trade price). For purposes of this example, we will assume that the shareholder has chosen to use the closing price on the date immediately following the distribution date (i.e., June 28, 2005). Based on information available through The Wall Street Journal, the closing price for Dean Foods and TreeHouse on June 28, 2005, was \$34.08 and \$29.65, respectively.

Based on the assumptions stated above, the shareholder would allocate \$1,703.60, or 85.18% of their pre-spin basis in Dean Foods common stock to their 100 shares of Dean Foods and \$296.40, or 14.82% of their pre-spin basis to the 20 shares of TreeHouse common stock received in the distribution, computed as follows:

Aggregate fair value of Dean Foods common stock-post spin	(100 DF shares X 34.08)	\$3,408.00
Divided by the sum of the aggregate fair value of Dean Foods common stock and TreeHouse common stock	(100 DF shares X 34.08) + (20 THS shares X 29.65)	<u>/\$4001.00</u>
Percentage of pre-spin costs basis to be allocated to post-spin Dean Foods common stock		<u>85.18%</u>
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Basis in Dean Foods common stock pre-spin		\$2,000.00
Multiplied by the percentage of pre-spin cost basis allocated to post-spin Dean Foods stock		<u>X 85.18%</u>
Basis in Dean Foods common stock post-spin		<u>\$1,703.60</u>
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Basis in Dean Foods common stock pre-spin		\$2,000.00
Less the basis in Dean Foods common stock post-spin		<u>- 1,703.60</u>
Basis in TreeHouse common stock post-spin		<u>\$296.40</u>
Percentage of pre-spin cost basis allocated to TreeHouse Foods stock		<u>14.82%</u>

The above example is intended as an illustration only. You should consult with your own financial advisors regarding the allocation of cost basis.