



# TEAMSTERS

## *Dean Foods Bankruptcy Update*

Rome Aloise, Dairy Conference Director

Friday, March 13

There have been some significant developments since our last update February 17. Please read this carefully as this bankruptcy is now on an even tighter timeline than we previously reported. Please also note that this situation is very serious.

Yesterday, Thursday, March 12, there was a court hearing on the terms of sale of Dean to DFA (i.e. Asset Purchase Agreement "APA") and the procedures by which other interested parties could potentially place a higher bid for Dean (i.e. Bid Procedures). Multiple parties had submitted objections to both the APA and the Bid Procedures in advance of the hearing including the Anti-Trust Office of the Department of Justice.

There were two major developments. First, Dean indicated that its liquidity position is declining more rapidly than it originally forecast and is now likely to run out of cash in May (as opposed to June). Dean commented that its declining liquidity is related to adverse market conditions from the Coronavirus pandemic. While not everyone shares the company's assessment of the decline, all do agree Dean is in severe financial distress.

Second, the Judge made it clear that he would not approve the Bid Procedures as submitted and he wanted a more "fair, open and transparent" process. The declining financial position of Dean and the Judge's unhappiness with the Bid Procedures, led the Judge to effectively craft a new purchase procedure from scratch. The one he created over the rest of the hearing is on a completely different timeline than the one outlined in the initial Bid Procedures. The new schedule is:

- Thursday, March 19: Court hearing on Bid Procedures
- Monday, March 30: All bids due and made public at the same time

- o Dean will announce later that day what it deems the winning bidder (highest and best)
- Friday, April 3: Court hearing on the winning bidder

The Teamsters requested that all bids be posted online with the bidder identities disclosed so we will know who is buying what. We also got the Judge to agree that the Union be included in the bid packets so that parties know to contact us if they are interested in the facilities represented by a Teamster Local Union.

We realize this information is different than what we knew at the time of the meeting with Teamster Local Union Officers and Agents on Monday, March 9. What hasn't changed is that we are still looking for any solutions that will preserve as much of the existing Dean operations as feasibly possible. At the moment that includes: 1) the DFA bid (although that could change based on the outcome of the hearing on March 19); and 2) interest from the bondholders in purchasing Dean. In addition, if DFA is selected we are also trying to see what other parties maybe interested in the excluded assets.

Lastly, we did receive proposed contract modifications from Dean which we discussed at the meeting and subsequently circulated to the Local Unions. We believe Dean made that proposal based on the requirements of the APA with DFA as items that would make the assets more attractive to DFA or another buyer. To be clear, those proposals are non-starters but we indicated to Dean we are willing to meet to discuss reasonable proposals to facilitate a sale to a single or multiple entities. A committee was put together in the event a meeting with Dean is scheduled to discuss their proposals, however to date; we have had no communication concerning a date for such meeting.

**For More Information or Questions, Please Reach Out to Your Local Union and/or visit [teamster.org/deanbankruptcy](http://teamster.org/deanbankruptcy)**