

DEAN FOODS CO
Form DEFA14A
May 08, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | | | |
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| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, for Use of the Commission Only (as permitted by |
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Dean Foods Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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- 4) Date Filed:

Dean Foods Company
Annual Meeting Voting Considerations
May 2012

Compensation-Related Matters

Dean Foods Company is soliciting your advisory vote on executive compensation

ISS recommends voting FOR our executive compensation program

our pay for performance is rated as a low concern

ISS notes that we responded to stockholder concerns by eliminating excise tax gross-ups in future change-in-control agreements

Glass Lewis recommends voting AGAINST
(i) our executive compensation
program
because,
among
other
reasons,
they
allege
we
have
failed
to
align
pay
for performance and (ii) election of J. Wayne Mailloux to the Board because he
serves on our Compensation Committee

We strongly disagree with Glass Lewis
analysis, which seems to utilize a
substantially different peer group that may not include CPG companies in its
pay for performance analysis and continues to penalize our compensation
structure for having excise tax gross-ups despite our adoption of the policy
prospectively eliminating gross-ups in change-in-control agreements

Compensation-Related Matters

Our Board recommends you vote FOR
our executive compensation program

Our compensation policies and practices link pay to performance and strongly align the
interests of our executive officers with our stockholders

We eliminated excise tax gross-ups for future change-in-control agreements in
response to stockholder concerns and corporate governance best practices

We recently adopted stock ownership guidelines

Our CEO reduced his base salary with approval of the Compensation Committee in

view of 2010 performance

We finished 2011 with a return to growth in the third and fourth quarters of 2011 and met or exceeded our guidance to investors in each quarter of 2011

Our Board recommends you vote FOR the election of Mr. Mailloux to the Board

Mr. Mailloux should not be punished merely for being part of our Compensation Committee. If stockholders disapprove of the company's executive compensation they have the ability to express such disapproval in the

Say-on-Pay vote

Mr. Mailloux's experience in the beverage industry, combined with his global business experience, make him well qualified to advise our company

Separation of Chairman and CEO Role

A
stockholder
proposal
seeks
to
urge
the
Board

to
adopt
a
policy
that
the

Board's

Chairman be an independent director

ISS and Glass Lewis each recommends voting FOR
this proposal

We strongly disagree with ISS
and Glass Lewis

recommendations, and the

Board recommends voting AGAINST
this proposal

Nine out of ten members of our Board are independent

Our Board has an independent lead director whose duties are closely aligned with the
role

of
an
independent
chairman,
including

(i)
calling
all
Board
meetings,

(ii)
approving
the schedule and agenda for all Board meetings, (iii) presiding at executive sessions of
the Board and (iv) acting as a liaison between the independent directors and our CEO

The
independent
members
of
the
Board
meet
regularly
in
executive
session

The
majority
of
S&P
500
companies
have

combined
the
Chairman
and
CEO
roles

Combining the Chairman and CEO roles facilitates information flow between
management and the Board

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Accelerated Vesting of Equity Awards

A
stockholder
proposal
seeks
to
urge
the
Board

to
adopt
a
policy
prohibiting
the
acceleration of equity awards upon a change in control of the company

ISS and Glass Lewis recommends voting FOR

this proposal claiming that a

change

in

control

would

provide

an

economic

windfall

to

plan

participants

and

CEO

We strongly disagree with ISS

and Glass Lewis

recommendations and the

Board recommends voting AGAINST

this proposal

Flexible compensation policies are imperative to recruit and retain executive talent

Accelerated vesting of equity awards upon a change in control (i) aligns executive and stockholder interests, (ii) enables the company to retain its management team while a change in control transaction is pending, and (iii) avoids potential conflicts of interest and distractions that may arise when the company is going through a change in control

A

majority

of

our

peers

do

not

have

such

a

policy

so

adoption

of

the

proposed

policy

would disadvantage us in recruiting and retaining executive talent

Such a policy would penalize management if we were taken private

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Equity Retention Guidelines

A stockholder
proposal
seeks
to
urge
the
Board
to

adopt

a

policy

requiring

senior

executives retain until retirement at least 75% of shares received through compensation programs.

Glass Lewis recommends voting AGAINST

this proposal because the proposed

policy may hinder the ability of the compensation committee to attract and retain executive talent

and it does not believe that the proposal serves the best interests of shareholders at this time.

We agree with this assessment of the proposal.

ISS recommends voting FOR

this proposal [b]ased on the spirit of the proposal

We strongly disagree with ISS

recommendation because it fails to (i) provide

a detailed analysis of the proposal, (ii) properly account for the stock

ownership guidelines already adopted by the Board, (iii) consider that such a

policy is unusual for our peer group, and (iv) recognize the significant

disadvantage that such a proposal would have on our ability to attract and

retain executive talent

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Equity Retention Guidelines

Our Board recommends voting **AGAINST**
this proposal

We have adopted equity ownership guidelines of 5x annual salary for our
CEO and 2x annual salary for our other Executive Officers

Our CEO owns stock worth over 30 times his base salary

The proposed policy would place restrictions on executives until
retirement

even if such executive is no longer employed by us

Retention guidelines as proposed are uncommon in our peer group and would significantly inhibit our ability to attract and retain executive talent

Our current compensation methodology already provides for meaningful stock ownership by our executives and aligns stockholder and executive interests

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