

DOLE FOOD CO INC  
Form 10-K  
March 14, 2011

**Table of Contents**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-K**

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**  
For the fiscal year ended January 1, 2011  
or  
 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**  
For the transition period from                      to  
  
Commission File Number 1-4455

**Dole Food Company, Inc.**

*(Exact name of Registrant as specified in its charter)*

**Delaware**  
*(State or other jurisdiction of  
incorporation or organization)*

**99-0035300**  
*(IRS Employer  
Identification No.)*

**One Dole Drive, Westlake Village, California 91362**  
*(Address of principal executive offices)*

**Registrant's telephone number including area code:**  
**(818) 879-6600**

**Securities registered pursuant to Section 12(b) of the Act:**

<b><u>Title of Each Class</u></b>	<b><u>Name of Each Exchange on Which Registered</u></b>
Common Stock, \$0.001 Par Value	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of the end of the company's second fiscal quarter, the approximate aggregate market value of voting and non-voting stock held by non-affiliates of the registrant was \$385,866,371.

The number of shares of Common Stock outstanding as of February 28, 2011 was 88,599,810.

**DOCUMENTS INCORPORATED BY REFERENCE**

**None**

**DOLE FOOD COMPANY, INC.**

**FORM 10-K**  
**Fiscal Year Ended January 1, 2011**

**TABLE OF CONTENTS**

<b>Item Number In Form 10-K</b>		<b>Page</b>
<b><u>PART I</u></b>		
<u>1.</u>	<u>Business</u>	1
<u>1A.</u>	<u>Risk Factors</u>	10
<u>1B.</u>	<u>Unresolved Staff Comments</u>	19
<u>2.</u>	<u>Properties</u>	19
<u>3.</u>	<u>Legal Proceedings</u>	21
<u>4.</u>	<u>Reserved</u>	24
<b><u>PART II</u></b>		
<u>5.</u>	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	24
<u>6.</u>	<u>Selected Financial Data</u>	26
<u>7.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
<u>7A.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	47
<u>8.</u>	<u>Financial Statements and Supplementary Data</u>	51
<u>9.</u>	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	121
<u>9A.</u>	<u>Controls and Procedures</u>	121
<u>9B.</u>	<u>Other Information</u>	121
<b><u>PART III</u></b>		
<u>10.</u>	<u>Directors, Executive Officers and Corporate Governance</u>	122
<u>11.</u>	<u>Executive Compensation</u>	122
<u>12.</u>	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	122
<u>13.</u>	<u>Certain Relationships and Related Transactions, Director Independence</u>	122
<u>14.</u>	<u>Principal Accountant Fees and Services</u>	122
<b><u>PART IV</u></b>		
<u>15.</u>	<u>Exhibits and Financial Statement Schedules</u>	123
<u>Signatures</u>		132
<u>EX-10.3</u>		
<u>EX-10.4</u>		
<u>EX-10.5</u>		
<u>EX-10.6</u>		
<u>EX-10.7</u>		
<u>EX-10.8</u>		
<u>EX-10.9</u>		
<u>EX-10.10</u>		

EX-10.13

EX-10.18

EX-10.19

EX-10.21

EX-10.22

EX-10.24

EX-10.33

EX-12

EX-21

EX-23

EX-31.1

EX-31.2

EX-32.1

EX-32.2

**Table of Contents**

**PART I**

**Item 1. *Business***

Dole Food Company, Inc. was founded in Hawaii in 1851 and was incorporated under the laws of Hawaii in 1894. Dole reincorporated as a Delaware corporation in July 2001. Unless the context otherwise requires, Dole Food Company, Inc. and its consolidated subsidiaries are referred to in this report as the Company, Dole and we.

Dole's principal executive offices are located at One Dole Drive, Westlake Village, California 91362, telephone (818) 879-6600. At January 1, 2011, we had approximately 37,600 full-time permanent employees and 36,700 full-time seasonal or temporary employees, worldwide. Dole is the world's largest producer and marketer of high-quality fresh fruit and fresh vegetables. Dole markets a growing line of packaged and frozen fruits and is a produce industry leader in nutrition education and research. Our website address is [www.dole.com](http://www.dole.com).

On October 28, 2009, Dole completed a \$446 million initial public offering of its common stock and received net proceeds of \$415 million.

Dole's operations are described below. For detailed financial information with respect to Dole's business and its operations, see Dole's Consolidated Financial Statements and the related Notes to Consolidated Financial Statements, which are included in this report.

**Overview**

Dole is the world's leading producer, marketer and distributor of fresh fruit and fresh vegetables, including an expanding line of value-added products. We are one of the world's largest producers of bananas and pineapples, and an industry leader in packaged fruit products, packaged salads and fresh-packed vegetables. Our most significant products hold the number 1 or number 2 positions in their respective markets. For the fiscal year ended January 1, 2011, Dole generated revenues of approximately \$6.9 billion and operating income of approximately \$194 million. At January 1, 2011 we had total assets of \$4.3 billion.

We provide wholesale, retail and institutional customers around the world with high quality food products that bear the DOLE® trademarks. The DOLE brand was introduced in 1933 and is one of the most recognized brands for fresh and packaged produce in the United States, as evidenced by Dole's 68% unaided consumer brand awareness—more than twice that of Dole's nearest competitor, according to a major global research company (Millward Brown). We utilize product quality, brand recognition, competitive pricing, food safety, nutrition education, customer service and consumer marketing programs to enhance our position within the food industry. Consumer and institutional recognition of the DOLE trademarks and related brands and the association of these brands with high quality food products contribute significantly to our leading positions in the markets that we serve.

Dole has built a fully-integrated operating platform as a result of which our nearly 200 products are sourced, grown, processed, marketed and distributed in more than 90 countries. Our products are produced both directly on Dole-owned or leased land and in Dole owned factories and through associated producer and independent grower arrangements under which we provide varying degrees of farming, harvesting, packing, storing, shipping and marketing services. We use our global refrigerated supply chain that features the largest dedicated refrigerated containerized fleet in the world, as well as an extensive network of packaging, ripening and distribution centers, to deliver fresh Dole products to market.

**Industry**

The global market for fresh fruit and vegetables is approximately \$675 billion, with just over \$100 billion in the U.S. The worldwide fresh produce industry enjoys consistent underlying demand and favorable growth dynamics. In recent years, the market for fresh produce has increased faster than the rate of population growth, supported by ongoing trends including greater consumer demand for healthy, fresh and convenient foods, increased retailer square footage devoted to fresh produce, and greater emphasis on fresh produce as a differentiating factor in attracting customers.

## **Table of Contents**

Health-conscious consumers are driving much of the growth in demand for fresh produce. Over the past several decades, the benefits of natural, preservative-free foods have become an increasingly significant element of the public dialogue on health and nutrition. As a result, consumption of fresh fruit and vegetables has markedly increased. According to the U.S. Department of Agriculture, Americans consumed an additional 37 pounds of fresh fruit and vegetables per capita in 2008 than they did in 1988. Improving the eating habits of Americans has been a consistent theme of U.S federal and state policy for a number of years, including most recently, First Lady Michelle Obama's widely promoted campaign to reduce child obesity.

As food retailers compete in a consolidating industry, they have sought to increase profits by focusing on product categories that are growing and on value-added products, which generally have higher margins. Thus, the higher growth and margins of the fresh produce category compared to the average grocery category are attractive to retailers. As a result, some retailers are reducing dry goods sections of the store, in favor of expanding fresh and chilled items. This trend provides Dole with new product and merchandising opportunities for fresh produce and packaged foods, especially for our value-added lines, such as packaged salads, FRUIT BOWLS® and fruit in plastic jars. Fully integrated produce companies, such as Dole, are well positioned to meet the needs of large retailers through the delivery of consistent, high-quality produce, reliable service, competitive pricing and innovative products. In addition, these companies, including Dole, have sought to strengthen relationships with leading retailers through value-added services such as banana ripening and distribution, category management, branding initiatives and establishment of long-term supply agreements.

The North American packaged foods industry is expected to show stable growth, over the next several years led by products that offer consumers healthy choices for their daily needs. Dole is capitalizing on this trend with its recent introduction of FRUIT BOWLS in 100% juice. This is the first product offering in the grocery environment that is not packed in syrup or that contains artificial sweeteners. Dole introduced FRUIT BOWLS in 1998 as an innovative item that delivered on consumer demand for quality convenience. The introduction of FRUIT BOWLS in 100% juice demonstrates that Dole is uniquely positioned to capitalize on the growing trend toward healthier eating. In independent research conducted in the shelf stable fruit category, FRUIT BOWLS in 100% juice was the number one consumer demand which had not been met.

## **Competitive Strengths**

Our competitive strengths have contributed to our strong historical operating performance and should enable us to capitalize on future growth opportunities:

*Strong Global Brand.* Consumer and institutional recognition of the DOLE trademark and related brands and the association of these brands with high quality food products contribute significantly to our leading positions in the markets that we serve. By implementing a global marketing program, we have made the distinctive red DOLE letters and sunburst a familiar symbol of freshness and quality recognized around the world. We actively continue to leverage the DOLE brand through product extensions and new product introductions.

*Market Share Leader.* Our most significant products hold the number 1 or number 2 positions in their respective markets. We maintain number 1 market share positions in North American bananas, North American iceberg lettuce, celery, cauliflower, and packaged fruit products, including our FRUIT BOWLS, FRUIT BOWLS in Gel, Fruit Parfaits and fruit in plastic jars.

*Valuable Asset Base.* We are an asset rich company, which provides significant competitive advantages to our operations and value to our investors. In addition to the DOLE trademark, we have an impressive base of tangible assets. We own 117,000 acres of farms and other land holdings, including 25,400 acres of farmland in Oahu, Hawaii and approximately 2,600 acres of peach orchards in California. We have the largest dedicated



Edgar Filing: DOLE FOOD CO INC - Form 10-K

refrigerated containerized fleet in the world, which, at year end, included 13,800 refrigerated containers, 11 owned and 17 chartered vessels. We intend to return six of the chartered vessels during 2011. We own and operate over 60 ripening and distribution centers in Europe and Asia. We own and operate over one million square feet of state-of-the-art vegetable processing facilities. Additionally, our packaged food business processes its product lines in over 1.9 million square feet of owned manufacturing facilities.

## **Table of Contents**

*State-of-the-Art Infrastructure.* Our production, processing, transportation and distribution infrastructure is state-of-the-art, enabling us to efficiently deliver the highest quality and freshest product to our customers. The investments in our infrastructure, including farms, packing houses, manufacturing facilities and shipping assets, allow for continued growth in the near term. In addition, our market-leading logistics and distribution capabilities allow us to act as a preferred fresh and packaged food provider to leading global supermarkets and mass merchandisers.

*Refrigerated Supply Chain Management.* One of our strongest core competencies is our ability to produce, transport and deliver high-quality perishable products around the world. Dole quality starts right on the farm, and that quality is preserved and protected in our farm-to-customer refrigerated supply chain. Our worldwide network of cold storage at the farm, on trucks, in containers, on ships and in our distribution centers in the world's market places provides a closed-loop cold storage supply chain that enables the worldwide transport of perishable products and is the key to Dole quality and shelf life.

*Low-Cost Production Capabilities.* Dole's valuable asset base enables us to be a low cost producer in many of our major product lines, including bananas, North American fresh vegetables and packaged fruit products. Over the last several years we have undertaken various initiatives to achieve and maintain this low-cost position, including investing in automation within our manufacturing facilities as well as in our farms, and leveraging our global logistics infrastructure more efficiently. We intend to maintain these low-cost positions through a continued focus on operating efficiency.

*Diversity of Sourcing Locations.* We currently source our fresh fruits and vegetables from over 20 countries and distribute products in more than 90 countries. We are not dependent on any one country for the sourcing of our products. The diversity of our production sources reduces our risk from exposure to natural disasters and political disruptions in any one particular country.

*Strong Management Team.* Our management team has a demonstrated history of delivering strong operating results through disciplined execution.

## **Business Strategy**

Key elements of our strategy include:

*Continue to Leverage our Strong Brand and Market Leadership Position.* Our most significant products hold number 1 or number 2 market positions in their respective markets. We intend to maintain those positions and continue to expand our leadership in new product areas as well as with new customers. We have a history of leveraging our strong brand to successfully enter, and in many cases become the largest player in value-added food categories. We intend to continue to evaluate and strategically introduce other branded products in the value-added sectors of our business.

*Focus on Value-Added Products.* We will continue to shift our product mix toward value-added food categories while maintaining and building on our key market leadership positions in commodity fruits and vegetables. For example, we have successfully increased our percentage of revenue from value-added products in our fresh vegetables and packaged foods businesses, where our packaged salad lines and FRUIT BOWL and other non-canned products now account for approximately 53% and 55% of those businesses' respective revenues. Value-added food categories are growing at a faster rate than traditional commodity businesses and typically generate stronger margins. We plan to continue to address the growing demand for convenient and innovative products by investing in our higher margin, value-added food businesses.

*Focus on Improving Operating Efficiency and Cash Flow.* We intend to continue to focus on profit improvement initiatives and maximizing cash flow by:

Analyzing our current customer base and focusing on profitable relationships with strategically important customers;

Leveraging our purchasing power to reduce our costs of raw materials;

Focusing capital investments to improve productivity;

## **Table of Contents**

Selling non-core assets; and

Improving our balance sheet, thereby reducing interest expense.

*Pursue Disciplined Growth.* We see significant opportunities for growth in all of our product lines and throughout the world. Annual increases in purchasing power, especially in the developing economies, will provide a natural demand for our products. In the United States, we expect category growth in both our packaged salads and frozen fruit businesses in line with the trends toward healthy eating. Our packaged foods division has a large pipeline of new products that will be introduced both nationally and internationally, and which are expected to gain solid distribution gains in the years ahead. Finally, we continue to look at acquisition possibilities worldwide as we grow our global footprint and further strengthen our leadership position.

*Promote Education through Dole Nutrition Institute.* We seek to play a leading role in nutrition education by promoting the health benefits of a plant-based diet. Given the importance of fruit and vegetable consumption in maintaining a healthy weight, nutrition education is key to addressing the global obesity epidemic. Every day new scientific research reveals ways in which fruits and vegetables help prevent and even reverse disease. Dole is committed to leading the way in expanding the knowledge, growing the foods, and marketing the products that will enable people to lead healthier, more vital lives.

*Encourage Corporate Social Responsibility.* Our approach to corporate social responsibility includes sustainable agricultural practices, community service, employee wellness, provision of social services and worker safety. Our practices demonstrate how the world's leading provider of fruits and vegetables is an industry leader in respect for the environment, worker education and social contributions, among other aspects of corporate responsibility.

## **Business Segments**

We have three business segments: fresh fruit, fresh vegetables and packaged foods. The fresh fruit segment contains several operating divisions that produce and market fresh fruit to wholesale, retail and institutional customers worldwide. The fresh vegetables segment produces and markets fresh-packed and value-added vegetables and salads to wholesale, retail and institutional customers, primarily in North America, Europe and Asia. The packaged foods segment contains several operating divisions that produce and market packaged foods including fruit, juices, frozen fruit and healthy snack foods.

### **Fresh Fruit**

Our fresh fruit business segment has four primary operating divisions: bananas, European ripening and distribution, fresh pineapples and Dole Chile. We believe that we are the industry leader in growing, sourcing, shipping and distributing consistently high-quality fresh fruit. The fresh fruit business segment represented approximately 68% of 2010 consolidated revenues.

#### ***Bananas***

We are one of the world's largest producers of bananas, growing and selling approximately 153 million boxes of bananas in 2010. We sell most of our bananas under the DOLE brand. We primarily sell bananas to customers in North America, Europe and Asia. We are the number 1 brand of bananas in both the U.S. (an approximate 34% market share) and Japan (an approximate 32% market share) and the number 2 provider in Europe (an approximate

9% market share). In Latin America, we source our bananas primarily in Honduras, Costa Rica, Ecuador, Colombia, Guatemala and Peru, growing on approximately 32,000 acres of company-owned farms and approximately 71,500 acres of independent producers' farms. We ship our Latin American bananas to North America and Europe in our refrigerated and containerized shipping fleet. In Asia, we source our bananas primarily in the Philippines. Bananas accounted for approximately 40% of our fresh fruit business segment revenues in 2010.

Consistent with our strategy to focus on value-added products, we have continued to expand our focus on higher margin, niche bananas. While the traditional green bananas still comprise the majority of our banana sales, we have successfully introduced niche bananas (e.g., organic). We have also improved the profitability of our banana business by focusing on profitable customer relationships and markets.

## **Table of Contents**

While bananas are sold year round, there is a seasonal aspect to the banana business. Banana prices and volumes are typically higher in the first and second calendar quarters before the increased competition from summer fruits.

Approximately 90% of our total retail volume in North America is sold under contract. The contracts are typically one year in duration and help to insulate us from fluctuations in the banana spot market. Our principal competitors in the international banana business are Chiquita Brands International, Inc. and Fresh Del Monte Produce, Inc.

### ***European Ripening and Distribution***

Our European ripening and distribution business distributes DOLE and non-DOLE branded fresh produce in Europe. This business operates 21 ripening and distribution centers in eight countries, predominantly in Western Europe. This is a value-added service Dole provides to customers since European retailers generally do not self-distribute or self-ripen. This business assists us in firmly establishing our European customer relationships. In 2010, European Ripening and Distribution accounted for approximately 40% of our fresh fruit business segment's revenues. Our principal competitors in this business are Total Produce Plc and Univeg.

### ***Fresh Pineapples***

We are the number 2 global marketer of fresh pineapples, growing and selling more than 32 million boxes in 2010. We source our pineapples primarily from Dole-operated farms and independent growers in Latin America, Hawaii, the Philippines and Thailand. We produce and sell several different varieties, including the sweet yellow pineapple. We introduced the sweet yellow pineapple in 1999, and now market a substantial portion of this fruit under the DOLE TROPICAL GOLD® label. Varieties of pineapple other than the sweet pineapples are also used in our packaged products. Our primary competitor in fresh pineapples is Fresh Del Monte Produce Inc. Pineapples accounted for approximately 8% of our fresh fruit business segment's revenues in 2010.

### ***Dole Chile***

We began our Chilean operations in 1982 and we are the largest exporter of Chilean fruit. We export grapes, apples, pears, stone fruit (e.g., peaches and plums) and kiwifruit from approximately 600 primarily leased acres and 12,400 contracted acres. The weather and geographic features of Chile are similar to those of the Western United States, with opposite seasons. Accordingly, Chile's harvest is counter-seasonal to that in the northern hemisphere, offsetting the seasonality in our other non-tropical fresh fruit. We primarily export Chilean fruit to North America, Latin America and Europe. Our Dole Chile business division accounted for approximately 5% of our fresh fruit business segment's revenues in 2010.

### ***Fresh Vegetables***

Our fresh vegetables business segment produces and markets fresh-packed and value-added vegetables. We source fresh vegetables from Dole-owned, leased and contracted farms. Our value-added products are produced in state-of-the-art processing facilities in Yuma, Arizona, Soledad, California, Springfield, Ohio and Bessemer City, North Carolina. Under arrangements with independent growers, we purchase fresh produce at the time of harvest and are generally responsible for harvesting, packing and shipping the product to our central cooling and distribution facilities. In 2010, value-added products accounted for 53% of our revenues for this segment. The fresh vegetables business segment accounted for approximately 15% of 2010 consolidated revenues.

### ***Fresh-packed Vegetables***

We source, harvest, cool, distribute and market more than 20 different types of fresh and fresh-cut vegetables, including iceberg lettuce, red and green leaf lettuce, romaine lettuce, butter lettuce, celery, cauliflower, broccoli, carrots, brussels sprouts, green onions, asparagus, snow peas, artichokes and radishes as well as fresh strawberries and raspberries. Products are grown by independent farmers under seasonal contracts, with harvesting primarily provided by us. Many of our fresh-packed vegetables are packaged in the field reducing handling and increasing product quality. We sell our fresh-packed vegetables products primarily in North America, Asia and, to a lesser

## **Table of Contents**

extent, Western Europe. Based on our estimates, we are the largest supplier of iceberg lettuce and celery, and the third largest producer of cauliflower and strawberries in the U.S. Our primary competitors in this category include: Tanimura & Antle, Duda Farm Fresh Foods, Ocean Mist Farms, the Nunes Company, Inc. and Driscoll Strawberry Associates, Inc.

### ***Value-Added***

Our value-added vegetable products include packaged salads and packaged fresh-cut vegetables. Our U.S. unit market share of the packaged salads category for DOLE branded product, as reported by IRI, was approximately 26% for the 2010 fiscal year. New product development continues to drive growth in this area. Packaged salads go through a three-step process: (i) vegetables are grown for us by farmers under seasonal contracts, (ii) vegetables and other ingredients are delivered to our plants where they are washed three times in chilled, chlorinated water, and packaged under strict cold-chain and HACCP (Hazard Analysis and Critical Control Points) standards, and (iii) salads are shipped to retailers' warehouses for delivery to stores. Our primary competitors in packaged salads include Chiquita Brands International, Inc. (which markets Fresh Express), Ready Pac Produce, Inc. and Taylor Fresh Foods, Inc.

### **Packaged Foods**

Our packaged foods segment produces canned pineapple, canned pineapple juice, fruit juice concentrate, fruit in plastic cups, jars and pouches, fruit parfaits, healthy snack foods and frozen fruit. Most of our significant packaged food products hold the number 1 branded market position in North America. We remain the market leader in the plastic fruit cup category with six of the top ten items in category. Fruit for our packaged food products is sourced primarily in the Philippines, Thailand, the United States and China and packed primarily in four Asian canneries, two in Thailand and two in the Philippines. We have continued to focus on expanding our product range beyond our traditional canned fruit and juice products. FRUIT BOWL and other non-canned products accounted for approximately 55% of the segment's 2010 revenues. To keep up with demand for our products, we have made substantial investments in our Asian canneries, significantly increasing our FRUIT BOWLS capacity in the past five years. These investments should ensure our position as an industry innovator and low-cost producer.

In response to the trend towards convenient, healthy snacking, the plastic fruit cup category has grown to exceed the applesauce and shelf-stable gelatin cup categories combined. Our FRUIT BOWLS products, introduced in 1998, have achieved significant market share, as evidenced by our 46% dollar market share in the United States during 2010, as reported by IRI. In 2003, Dole introduced fruit in a 24.5 oz. plastic jar, which has attained a 61% share in the shelf-stable jar category, as reported by IRI. In late 2010, we introduced FRUIT BOWLS in 100% juice, the only non-refrigerated fruit bowl in 100% juice. FRUIT BOWLS in 100% juice have no added sugar or artificial sweeteners, and completely replaces our FRUIT BOWLS in light syrup in the U.S.

In the frozen fruit category, Dole has grown its revenue at a compounded annual growth rate of 8.1% over the past four years. Dole is the branded category leader in frozen fruit and expects to continue to grow its brand position in the future by increasing its distribution base with innovative new products using new processing technologies.

Our packaged foods segment accounted for approximately 16% of 2010 consolidated revenues.

### **Discontinued Operations**

During the fourth quarter of 2007, we approved and committed to a formal plan to divest our citrus and pistachio operations ( Citrus ) located in central California. During March 2008, we entered into an agreement to sell land and other related assets of Citrus. The sale was completed during the third quarter of 2008, and we received net proceeds of \$28.1 million. In addition, during the second quarter of 2008, we approved and committed to a formal plan to divest



our fresh-cut flowers operations, and during the third quarter of 2008 we signed a binding letter of intent to sell these operations. During the first quarter of 2009, the majority of the related assets of this business were sold. During the third quarter of 2010, Dole sold a building and a farm located in Colombia to the buyer of the fresh-cut flowers business.

## **Table of Contents**

### **Global Logistics**

We have significant product sourcing and related operations in Chile, China, Costa Rica, Ecuador, Honduras, the Philippines, South Africa, Spain, Thailand and the United States. Significant volumes of Dole's fresh fruit and packaged products are marketed in Canada, Western Europe, Japan and the United States, with lesser volumes marketed in Australia, China, Hong Kong, New Zealand, South Korea, and other countries in Asia, Europe, and Central and South America.

The produce that we distribute internationally is transported primarily by 28 owned or leased ocean-going vessels. We ship our tropical fruit in owned or chartered refrigerated vessels. All of our tropical fruit shipments into the North American and core European markets are delivered using pallets or containers. This increases efficiency and minimizes damage to the product from handling. Most of the vessels are equipped with controlled atmosphere technology, to ensure product quality. Backhauling services, transporting our own and third-party cargo primarily from North America and Europe to Latin America, reduce net transportation costs. We use vessels that are both owned or operated under long-term leases, as well as vessels chartered under contracts that typically last one year.

### **Customers**

Our top 10 customers in 2010 accounted for approximately 31% of total revenues. No one customer accounted for more than 7% of total 2010 revenues. Our customer base is highly diversified, both geographically and in terms of product mix. Each of our segments' largest customers accounted for no more than approximately 20% of that segment's revenues. Our largest customers are leading global and regional mass merchandisers and supermarkets in North America, Europe and Asia.

### **Sales and Marketing**

We sell and distribute our fruit and vegetable products through a network of fresh produce operations in North America, Europe, Asia and Latin America. Some of these operations involve the sourcing, distribution and marketing of fresh fruits and vegetables while others involve only distribution and marketing. We have regional sales organizations dedicated to servicing major retail and wholesale customers. We also use the services of brokers in certain regions, including for some sales of packaged fruit products and packaged salads. Retail customers include large chain stores with which Dole enters into product and service contracts, typically for a one- or two-year term. Wholesale customers include large distributors in North America, Europe and Asia. We use consumer advertising, marketing and trade spending to promote new items, bolster our exceptional brand awareness and promote nutrition knowledge.

### **Competition**

The global fresh and packaged produce markets are intensely competitive, and generally have a small number of global producers, filled out with independent growers, packers and middlemen. Our large, international competitors are Chiquita, Fresh Del Monte Produce and Del Monte Foods. In some product lines, we compete with smaller national producers. In fresh vegetables, a limited number of grower shippers in the United States and Mexico supply a significant portion of the United States market, with numerous smaller independent distributors also competing. We also face competition from grower cooperatives and foreign government sponsored producers. Competition in the various markets in which we operate is affected by reliability of supply, product quality, brand recognition and perception, price and the ability to satisfy changing customer preferences through innovative product offerings.

### **Employees**

At January 1, 2011, we had approximately 37,600 full-time permanent employees and 36,700 full-time seasonal or temporary employees, worldwide. Approximately 37% of our employees work under collective bargaining agreements, some of which are in the process of being renegotiated. Certain other bargaining agreements are scheduled to expire in 2011, subject to automatic renewals unless a notice of non-extension is given by the union or us. We have not received any notice that a union intends not to extend a collective bargaining agreement. We believe our relations with our employees are generally good.

## **Table of Contents**

### **Trademark Licenses**

In connection with the sale of the majority of our juice business to Tropicana Products, Inc. in May of 1995, we received cash payments up front and granted to Tropicana a license, requiring no additional future royalty payments, to use certain DOLE trademarks on certain beverage products. We continue to produce and market DOLE canned pineapple juice and pineapple juice blend beverages, which were not part of the 1995 sale. We have a number of additional license arrangements worldwide, none of which is material to Dole and its subsidiaries, taken as a whole.

### **Research and Development**

Our research and development programs concentrate on sustaining the productivity of our agricultural lands, food safety, nutrition science, product quality, value-added product development, and packaging design. Agricultural research is directed toward sustaining and improving product yields and product quality by examining and improving agricultural practices in all phases of production (such as development of specifically adapted plant varieties, land preparation, fertilization, cultural practices, pest and disease control, post-harvesting, handling, packing and shipping procedures), and includes on-site technical services and the implementation and monitoring of recommended agricultural practices. Research efforts are also directed towards integrated pest management and biological pest control. We develop specialized machinery for various phases of agricultural production and packaging that reduce labor costs, increase efficiency and improve product quality. We conduct agricultural research at field facilities primarily in California, Hawaii, Latin America and Asia. Our research at the Dole Nutrition Research Lab in Kannapolis, North Carolina, investigates both basic science as well as the next frontier in phytochemical research. We also sponsor research related to environmental improvements and the protection of worker and community health. The aggregate amounts we spent on research and development in each of the last three years have not been material in any of such years.

### **Food Safety**

Dole is undertaking strong measures to improve food safety. We spearheaded the industry-wide Leafy Greens Marketing Agreements in California and in Arizona. We developed and adopted enhanced Good Agricultural Practices, which include raw material testing in the fields, expanded buffer zones and increased water testing. We also use radio-frequency identification (RFID) tags to track leafy greens as they move from fields to trucks and through processing.

Dole salad plants are sanitized and inspected daily. We wash our leafy greens three times in chilled, chlorinated water. All of Dole's U.S. salad plants are SQF 2000, Level 2 certified.

### **Environmental and Regulatory Matters**

Our agricultural operations are subject to a broad range of evolving environmental laws and regulations in each country in which we operate. In the United States, these laws and regulations include the Food Quality Protection Act of 1996, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide and Rodenticide Act and the Comprehensive Environmental Response, Compensation and Liability Act.

Compliance with these foreign and domestic laws and related regulations is an ongoing process that is not expected to have a material effect on our capital expenditures, earnings or competitive position. Environmental concerns are, however, inherent in most major agricultural operations, including those conducted by us, and there can be no assurance that the cost of compliance with environmental laws and regulations will not be material. Moreover, it is possible that future developments, such as increasingly strict environmental laws and enforcement policies thereunder,

including those driven by concerns about climate change, and further restrictions on the use of agricultural chemicals, could result in increased compliance costs.

Our food operations are also subject to regulations enforced by, among others, the U.S. Food and Drug Administration and state, local and foreign counterparts and to inspection by the U.S. Department of Agriculture and other federal, state, local and foreign environmental, health and safety authorities. The U.S. Food and Drug

## **Table of Contents**

Administration enforces statutory standards regarding the labeling and safety of food products, establishes ingredients and manufacturing procedures for certain foods, establishes standards of identity for foods and determines the safety of food substances in the United States. Similar functions are performed by state, local and foreign governmental entities with respect to food products produced or distributed in their respective jurisdictions.

In the United States, portions of our fresh fruit and vegetable farm properties are irrigated by surface water supplied by local government agencies using facilities financed by federal or state agencies, as well as from underground sources. Water received through federal facilities is subject to acreage limitations under the 1982 Reclamation Reform Act. Worldwide, the quantity and quality of water supplies varies depending on weather conditions and government regulations. We believe that under normal conditions these water supplies are adequate for current production needs.

## **Legal Proceedings**

See Item 3, Legal Proceedings, in this Form 10-K.

## **Trade Issues**

Our foreign operations are subject to risks of expropriation, civil disturbances, political unrest, increases in taxes and other restrictive governmental policies, such as import quotas. Loss of one or more of our foreign operations could have a material adverse effect on our operating results. We strive to maintain good working relationships in each country in which we operate. Because our operations are a significant factor in the economies of some countries, our activities are subject to intense public and governmental scrutiny and may be affected by changes in the status of the host economies, the makeup of the government or public opinion in a particular country.

The European Union ( EU ) maintains banana regulations that impose tariffs on bananas. On January 1, 2006, the EU implemented a new tariff only import regime for bananas. Under this regime, the EU mandated a tariff of 176 euro per metric ton on all banana imports to the EU market from Latin America. The EU also mandated that 775,000 metric tons of bananas from African, Caribbean, and Pacific ( ACP ) countries could be imported to the EU duty-free.

Several Latin American countries challenged the legality of aspects of this trade regime by initiating proceedings in the Dispute Settlement Body ( DSB ) at the World Trade Organization ( WTO ). The DSB issued final rulings against the EU on November 27, 2008, concluding that the 176 euro per metric ton tariff imposed was legally inconsistent with WTO trade rules. The DSB also considered whether the zero tariff reserved for ACP countries was legally inconsistent with WTO trade rules but recognized that, with the current entry into force of Economic Partnership Agreements between the EU and ACP countries, ACP bananas now may have duty-free, quota-free access to the EU market.

In light of these WTO rulings against the tariff only regime as implemented, the EU proposed a settlement to the Latin American banana producing countries (Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Peru, Panama, and Venezuela) in resolution of the dispute. The settlement provided for a gradual tariff reduction from 148 euros per metric ton in 2010 to a final tariff of 114 euro per metric ton on January 1, 2017 or January 1, 2019 (the 2019 date applies if no further trade agreements are reached in the ongoing Doha Development Agenda global trade discussions). The EU also entered into a settlement with the U.S. and agreed that the EU will maintain a non-discriminatory, tariff-only regime for the importation of bananas.

The settlement was accepted and initialed by the EU, the U.S., and 11 Latin American banana producing countries on December 15, 2009 and was approved through a plenary vote of the European Parliament on February 3, 2011. Pending Parliamentary approval, the terms of the settlement have been provisionally applied since December 15, 2009.

Dole recorded tariff refunds of \$8 million for the period from December 15, 2009 through June 8, 2010, of which \$6 million was collected. Dole expects the remaining balance to be collected during the first quarter of 2011. The lower tariff rates benefitted fiscal 2010 earnings before income taxes by an additional amount of approximately \$7 million.

## **Table of Contents**

In addition, the EU has negotiated several free trade areas agreements ( FTA ) which will allow for an even lower import tariff on specified volumes of banana exports from certain countries. An EU-Colombia-Peru FTA has been negotiated and an EU-Central America (i.e., Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) FTA has been negotiated. Both of these FTAs must be ratified by the European Parliament before they come into effect. Ecuador has not yet negotiated an FTA with the EU on bananas and may not benefit, like the other Latin American countries party to an FTA, unless a similar FTA can be negotiated with the EU. Dole continues to monitor these developments but cannot yet anticipate how, or if, they will be implemented.

## **Seasonality**

Our sales volumes remain relatively stable throughout the year. We experience seasonal earnings characteristics, predominantly in the fresh fruit segment, because fresh fruit prices traditionally are lower in the second half of the year, when summer fruits are in the markets. Our packaged foods segment experiences peak demand during some well-known holidays and observances; the impact is less than in the fresh-fruit segment.

## **Item 1A. Risk Factors**

### **RISK FACTORS**

In addition to the various risks described elsewhere in this Form 10-K, the following risk factors should be considered. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known or that we have assessed in our risk assessment process or that we currently believe to be less significant may also adversely affect us.

#### **Adverse weather conditions, natural disasters, crop disease, pests and other natural conditions can impose significant costs and losses on our business.**

Fresh produce, including produce used in canning and other packaged food operations, is vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are quite common but difficult to predict and may be influenced by global climate change. Unfavorable growing conditions can reduce both crop size and crop quality. This risk is particularly true with respect to regions or countries from which we source a significant percentage of our products. In extreme cases, entire harvests may be lost in some geographic areas. These factors can increase costs, decrease revenues and lead to additional charges to earnings, which may have a material adverse effect on our business, results of operations and financial condition.

Fresh produce is also vulnerable to crop disease and to pests, which may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climatic conditions. For example, black sigatoka is a fungal disease that affects banana cultivation in most areas where they are grown commercially. The costs to control this disease and other infestations vary depending on the severity of the damage and the extent of the plantings affected. Moreover, there can be no assurance that available technologies to control such infestations will continue to be effective. These infestations can increase costs, decrease revenues and lead to additional charges to earnings, which may have a material adverse effect on our business, results of operations and financial condition.

#### **Our business is highly competitive and we cannot assure you that we will maintain our current market share.**

Many companies compete in our different businesses. However, only a few well-established companies operate on both a national and a regional basis with one or several branded product lines. We face strong competition from these and other companies in all our product lines.



Important factors with respect to our competitors include the following:

Some of our competitors may have greater operating flexibility and, in certain cases, this may permit them to respond better or more quickly to changes in the industry or to introduce new products and packaging more quickly and with greater marketing support.

## **Table of Contents**

Several of our packaged food product lines are sensitive to competition from national or regional brands, and many of our product lines compete with imports, private label products and fresh alternatives.

We cannot predict the pricing or promotional actions of our competitors or whether those actions will have a negative effect on us.

There can be no assurance that we will continue to compete effectively with our present and future competitors. See Item 1 Business.

### **Our earnings are sensitive to fluctuations in market prices and demand for our products.**

Excess supplies often cause severe price competition in our industry. Growing conditions in various parts of the world, particularly weather conditions such as windstorms, floods, droughts and freezes, as well as diseases and pests, are primary factors affecting market prices because of their influence on the supply and quality of product.

Fresh produce is highly perishable and generally must be brought to market and sold soon after harvest. Some items, such as lettuce, must be sold more quickly, while other items can be held in cold storage for longer periods of time. The selling price received for each type of produce depends on all of these factors, including the availability and quality of the produce item in the market, and the availability and quality of competing types of produce.

In addition, general public perceptions regarding the quality, safety or health risks associated with particular food products could reduce demand and prices for some of our products. To the extent that consumer preferences evolve away from products that we produce for health or other reasons, and we are unable to modify our products or to develop products that satisfy new consumer preferences, there will be a decreased demand for our products. However, even if market prices are unfavorable, produce items which are ready to be, or have been, harvested must be brought to market promptly. A decrease in the selling price received for our products due to the factors described above could have a material adverse effect on our business, results of operations and financial condition.

### **Our earnings are subject to seasonal variability.**

Our earnings may be affected by seasonal factors, including:

the seasonality of our supplies and consumer demand;

the ability to process products during critical harvest periods; and

the timing and effects of ripening and perishability.

Although banana production tends to be relatively stable throughout the year, banana pricing is seasonal because bananas compete against other fresh fruit that generally comes to market beginning in the summer. As a result, banana prices are typically higher during the first half of the year. Our fresh vegetables segment experiences some seasonality as reflected by higher earnings in the first half of the year. Our packaged foods segment experiences peak demand during some well-known holidays and observances.

### **Currency exchange fluctuations may impact the results of our operations.**

Our nearly 200 products are sourced, grown, processed, marketed and distributed in more than 90 countries throughout the world. Our international sales are usually transacted in U.S. dollars, and European and Asian

currencies. Our results of operations are affected by fluctuations in currency exchange rates in both sourcing and selling locations. Although we enter into foreign currency exchange forward contracts from time to time to reduce our risk related to currency exchange fluctuation, our results of operations may still be impacted by foreign currency exchange rates, primarily the yen-to-U.S. dollar and euro-to-U.S. dollar exchange rates. For instance, we currently estimate that a 10% strengthening of the U.S. dollar relative to the Japanese yen, euro and Swedish krona would have reduced 2010 operating income by approximately \$34 million, excluding the impact of foreign currency exchange hedges. Because we do not hedge against all of our foreign currency exposure, our business will continue to be susceptible to foreign currency fluctuations.

**Table of Contents**

**Increases in commodity or raw product costs, such as fuel, paper, plastics and resins, could adversely affect our operating results.**

Many factors may affect the cost and supply of fresh produce, including external conditions, commodity market fluctuations, currency fluctuations, changes in governmental laws and regulations, agricultural programs, severe and prolonged weather conditions and natural disasters. Increased costs for purchased fruit and vegetables have in the past negatively impacted our operating results, and there can be no assurance that they will not adversely affect our operating results in the future.

The price of various commodities can significantly affect our costs. For example, the price of bunker fuel used in shipping operations, including fuel used in ships that we own or charter, is an important variable component of transportation costs. Our fuel costs have increased substantially in recent years, and there can be no assurance that there will not be further increases in the future. In addition, fuel and transportation cost is a significant component of the price of much of the produce that we purchase from growers or distributors, and there can be no assurance that we will be able to pass on to our customers the increased costs we incur in these respects.

The cost of paper and tinplate are also significant to us because some of our products are packed in cardboard boxes or cans for shipment. If the price of paper or tinplate increases and we are not able to effectively pass these price increases along to our customers, then our operating income will decrease. Increased costs for paper and tinplate have in the past negatively impacted our operating income, and there can be no assurance that these increased costs will not adversely affect our operating results in the future.

**We face risks related to our former use of the pesticide DBCP.**

We formerly used dibromochloropropane, or DBCP, a nematocide that was used by growers on a variety of crops throughout the world. The registration for DBCP with the U.S. government was cancelled in 1979 based in part on an apparent link to male sterility among chemical factory workers who produced DBCP. There are a number of pending lawsuits in the United States and other countries against the manufacturers of DBCP and the growers, including us, who used it in the past. The cost to defend these lawsuits, and the costs to pay any judgments or settlements resulting from these lawsuits, or other lawsuits which might be brought, could have a material adverse effect on our business, financial condition or results of operations. See Note 19 to our Consolidated Financial Statements.

**The use of herbicides and other potentially hazardous substances in our operations may lead to environmental damage and result in increased costs to us.**

We use herbicides and other potentially hazardous substances in the operation of our business. We may have to pay for the costs or damages associated with the improper application, accidental release or the use or misuse of such substances. Our insurance may not be adequate to cover such costs or damages or may not continue to be available at a price or under terms that are satisfactory to us. In such cases, payment of such costs or damages could have a material adverse effect on our business, results of operations or financial condition.

**The financing arrangements for the going-private merger transactions in 2003 may increase our exposure to tax liability.**

A portion of our senior secured credit facilities have been incurred by our foreign subsidiaries and were used to fund the going-private merger transactions in 2003 through which Mr. Murdock became our sole, indirect stockholder. On August 27, 2009, the Internal Revenue Service, or IRS, completed its examination of our U.S. federal income tax returns for the years 2002 to 2005 and issued a Revenue Agent's Report, or RAR, that includes various proposed adjustments, including with respect to the going-private merger transactions. The IRS is proposing that certain funding

used in the going-private merger transactions is currently taxable and that certain related investment banking fees are not deductible. The net tax deficiency asserted in the RAR is \$122 million plus interest (subsequent to the issuance of the RAR, The Worker, Homeownership, and Business Assistance Act of 2009 was signed into law; Dole estimates that this new law effectively reduces the amount of the IRS claim from \$122 million to \$91 million). On October 27, 2009, Dole filed a protest letter vigorously challenging the proposed adjustments contained in the RAR and is pursuing resolution of these issues with the Appeals Division of the IRS.

## **Table of Contents**

Dole continues to discuss resolution of these issues with the Appeals Division. However, we cannot give any assurances regarding resolution of these issues at Appeals, nor can we give any assurances regarding the outcome of litigation on these issues, which could result in a material tax liability. We believe, based in part upon the advice of our tax advisors, that our tax treatment of such transactions was appropriate.

### **We face other risks in connection with our international operations.**

Our operations are heavily dependent upon products grown, purchased and sold internationally. In addition, our operations are a significant factor in the economies of many of the countries in which we operate, increasing our visibility and susceptibility to legal or regulatory changes. These activities are subject to risks that are inherent in operating in foreign countries, including the following (see Management's Discussion and Analysis of Financial Condition and Results of Operation - Other Matters):

foreign countries could change laws and regulations or impose currency restrictions and other restraints;

in some countries, there is a risk that the government may expropriate assets;

some countries impose burdensome tariffs and quotas;

political changes and economic crises may lead to changes in the business environment in which we operate;

international conflict, including terrorist acts, could significantly impact our business, financial condition and results of operations;

economic sanctions may be imposed on some countries, which could disrupt the markets for products we sell, even if we do not sell into the target country;

in some countries, our operations are dependent on leases and other agreements; and

economic downturns, political instability and war or civil disturbances may disrupt production and distribution logistics or limit sales in individual markets.

In 2005, we received a tax assessment from Honduras of approximately \$137 million (including the claimed tax, penalty, and interest through the date of assessment) relating to the disposition of all of our interest in Cervecería Hondureña, S.A. in 2001. We have been contesting the tax assessment. See Note 19 to our Consolidated Financial Statements.

### **We may be required to pay significant penalties under European antitrust laws.**

The European Commission, or EC, issued a decision (the Decision) imposing a 45.6 million fine against Dole and its German subsidiary on October 15, 2008. On December 24, 2008, we appealed the Decision by filing an Application for Annulment, or Application, with the European General Court.

On December 3, 2008, the EC agreed in writing that if Dole made an initial payment of \$10 million (7.6 million) to the EC on or before January 22, 2009, then the EC would stay the deadline for a provisional payment, or coverage by a prime bank guaranty, of the remaining balance (plus interest as from January 22, 2009), until April 30, 2009. Dole made this initial \$10 million payment on January 21, 2009, and Dole provided the required bank guaranty for the remaining balance of the fine to the EC by the deadline of April 30, 2009.

We believe that we have not violated the European competition laws and that our Application has substantial legal merit, both for an annulment of the Decision and fine in their entirety, or for a substantial reduction of the fine, but no assurances can be given that we will be successful on appeal. Furthermore, the ultimate resolution of these items could materially impact our liquidity. We cannot predict the timing or outcome of our appeal of the EC's Decision. See Note 19 to our Consolidated Financial Statements.

**Table of Contents**

**The global economic downturn could result in a decrease in our sales and revenue, which could adversely affect the results of our operations, and we cannot predict the extent or duration of these trends.**

As a result of the global economic downturn, consumers may reduce their purchases and seek value pricing, which may affect sales and pricing of some of our products. Such trends could adversely affect the results of our operations and there can be no assurance whether or when consumer confidence will return and a solid, long-term recovery ensue.

**Global capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing and disrupt the operations of our suppliers and customers.**

The global capital and credit markets have experienced volatility and disruption over the past several years, sometimes making it difficult for companies to access those markets. We depend in part on stable, liquid and well-functioning capital and credit markets to fund our operations. Although we believe that our operating cash flows, access to capital and credit markets and existing revolving credit agreement will permit us to meet our financing needs for the foreseeable future, there can be no assurance that continued or increased volatility and disruption in the capital and credit markets will not impair our liquidity or increase our costs of borrowing. Our business could also be negatively impacted if our suppliers or customers experience disruptions resulting from tighter capital and credit markets.

**The global economic downturn may have other impacts on participants in our industry, which cannot be fully predicted.**

The full impact of the global economic downturn on customers, vendors and other business partners cannot be anticipated. For example, major customers or vendors may have financial challenges unrelated to us that could result in a decrease in their business with us or, in extreme cases, cause them to file for bankruptcy protection. Similarly, parties to contracts may be forced to breach their obligations under those contracts. Although we exercise prudent oversight of the credit ratings and financial strength of our major business partners and seek to diversify our risk to any single business partner, there can be no assurance that there will not be a bank, insurance company, supplier, customer or other financial partner that is unable to meet its contractual commitments to us. Similarly, stresses and pressures in the industry may result in impacts on our business partners and competitors which could have wide ranging impacts on the future of the industry.

**Terrorism and the uncertainty of war may have a material adverse effect on our operating results.**

Terrorist attacks, such as the attacks that occurred in New York and Washington, D.C. on September 11, 2001, the subsequent response by the United States in Afghanistan, Iraq and other locations, and other acts of violence or war in the United States or abroad may affect the markets in which we operate and our operations and profitability. From time to time in the past, our operations or personnel have been the targets of terrorist or criminal attacks, and the risk of such attacks impacts our operations and results in increased security costs. Further terrorist attacks against the United States or operators of United States-owned businesses outside the United States may occur, or hostilities could develop based on the current international situation. The potential near-term and long-term effect these attacks may have on our business operations, our customers, the markets for our products, the United States economy and the economies of other places we source or sell our products is uncertain. The consequences of any terrorist attacks, or any armed conflicts, are unpredictable, and we may not be able to foresee events that could have an adverse effect on our markets or our business.

**Our worldwide operations and products are highly regulated in the areas of food safety and protection of human health and the environment.**



Our worldwide operations are subject to a broad range of foreign, federal, state and local environmental, health and safety laws and regulations, including laws and regulations governing the use and disposal of pesticides and other chemicals. These regulations directly affect day-to-day operations, and violations of these laws and regulations can result in substantial fines or penalties. There can be no assurance that these fines or penalties

**Table of Contents**

would not have a material adverse effect on our business, results of operations and financial condition. To maintain compliance with all of the laws and regulations that apply to our operations, we have been and may be required in the future to modify our operations, purchase new equipment or make capital improvements. Further, we may recall a product (voluntarily or otherwise) if we or the regulators believe it presents a potential risk. In addition, we have been and in the future may become subject to lawsuits alleging that our operations and products caused personal injury or property damage.

**We are subject to the risk of product contamination and product liability claims.**

The sale of food products for human consumption involves the risk of injury to consumers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling or transportation phases. We have from time to time been involved in product liability lawsuits, none of which were material to our business. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, we cannot be sure that consumption of our products will not cause a health-related illness in the future or that we will not be subject to claims or lawsuits relating to such matters. For example, in the fall of 2006, a third party from whom we and others had purchased spinach recalled certain packaged fresh spinach due to contamination by E. coli O157:H7. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our corporate and brand image. Moreover, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. We maintain product liability insurance, however, we cannot be sure that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage.

**We are subject to transportation risks.**

An extended interruption in our ability to ship our products could have a material adverse effect on our business, financial condition and results of operations. Similarly, any extended disruption in the distribution of our products could have a material adverse effect on our business, financial condition and results of operations. While we believe we are adequately insured and would attempt to transport our products by alternative means if we were to experience an interruption due to strike, natural disasters or otherwise, we cannot be sure that we would be able to do so or be successful in doing so in a timely and cost-effective manner.

**Events or rumors relating to the DOLE brand could significantly impact our business.**

Consumer and institutional recognition of the DOLE trademarks and related brands and the association of these brands with high quality and safe food products are an integral part of our business. The occurrence of any events or rumors that cause consumers and/or institutions to no longer associate these brands with high quality and safe food products may materially adversely affect the value of the DOLE brand name and demand for our products. We have licensed the DOLE brand name to several affiliated and unaffiliated companies for use in the United States and abroad. Acts or omissions by these companies over which we have no control may also have such adverse effects.

**A portion of our workforce is unionized and labor disruptions could decrease our profitability.**

As of January 1, 2011, approximately 37% of our employees worldwide worked under various collective bargaining agreements. We cannot give assurance that we will be able to negotiate these or other collective bargaining agreements on the same or more favorable terms as the current agreements, or at all, and without production interruptions, including labor stoppages. A prolonged labor dispute, which could include a work stoppage, could have

a material adverse effect on the portion of our business affected by the dispute, which could impact our business, results of operations and financial condition.

**Table of Contents**

**Risks Relating to Our Indebtedness**

**Our substantial indebtedness could adversely affect our operations, including our ability to perform our obligations under our debt obligations.**

We have a substantial amount of indebtedness. As of January 1, 2011, we had approximately \$1.4 billion in senior secured indebtedness, \$155 million in senior unsecured indebtedness, approximately \$60 million in capital leases and approximately \$41 million in unsecured notes payable and other indebtedness.

Our substantial indebtedness could have important consequences. For example, our substantial indebtedness may:

make it more difficult for us to satisfy our obligations;

limit our ability to borrow additional amounts in the future for working capital, capital expenditures, acquisitions, debt service requirements, execution of our growth strategy or other purposes or make such financing more costly;

result in a triggering of customary cross-default and cross-acceleration provisions with respect to certain of our debt obligations if an event of default or acceleration occurs under one of our other debt obligations;

require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of our cash flow to fund future working capital, capital expenditures, acquisitions and other general corporate purposes;

expose us to the risk of increased interest rates, as certain of our borrowings are at variable rates of interest;

require us to sell assets (beyond those assets currently classified as assets held-for-sale ) to reduce indebtedness or influence our decisions about whether to do so;

increase our vulnerability to competitive pressures and to general adverse economic and industry conditions, including fluctuations in market interest rates or a downturn in our business;

limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;

restrict us from making strategic acquisitions or pursuing business opportunities;

place us at a disadvantage compared to our competitors that have relatively less indebtedness; and

limit, along with the restrictive covenants in our credit facilities and senior note indentures, among other things, our ability to borrow additional funds. Failing to comply with those covenants could result in an event of default which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations.

**We may be unable to generate sufficient cash flow to service our debt obligations.**

To service our debt, we require a significant amount of cash. Our ability to generate cash, make scheduled payments or refinance our obligations depends on our successful financial and operating performance. Our financial and operating performance, cash flow and capital resources depend upon prevailing economic conditions and various

financial, business and other factors, many of which are beyond our control. These factors include among others:

economic and competitive conditions;

changes in laws and regulations;

operating difficulties, increased operating costs or pricing pressures we may experience; and

delays in implementing any strategic projects.

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell material assets or operations, obtain additional capital or restructure our

**Table of Contents**

debt. If we are required to take any actions referred to above, it could have a material adverse effect on our business, financial condition or results of operations. In addition, we cannot give assurance that we would be able to take any of these actions on terms acceptable to us, or at all, that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of our various debt agreements, in any of which events the default and cross-default risks set forth in the risk factor below titled "Restrictive covenants in our debt instruments restrict or prohibit our ability to engage in or enter into a variety of transactions, which could adversely restrict our financial and operating flexibility and subject us to other risks" would become relevant.

Subject to the restrictions in our senior secured credit facilities and the indentures governing our 8.75% debentures due 2013 ( "2013 Debentures" ), our 13.875% senior secured notes due 2014 ( "2014 Notes" ) and our 8% senior secured notes due 2016 ( "2016 Notes" ), we and certain of our subsidiaries may incur significant additional indebtedness, including additional secured indebtedness. Although the terms of our senior secured credit facilities and the indentures governing our 2013 Debentures, our 2014 Notes and our 2016 Notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and additional indebtedness incurred in compliance with these restrictions could be significant. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we now face could increase.

**Restrictive covenants in our debt instruments restrict or prohibit our ability to engage in or enter into a variety of transactions, which could adversely restrict our financial and operating flexibility and subject us to other risks.**

The indentures governing our 2013 Debentures, our 2014 Notes, our 2016 Notes and our senior secured credit facilities, contain various restrictive covenants that limit our and our subsidiaries' ability to take certain actions. In particular, these agreements limit our and our subsidiaries' ability to, among other things:

- incur additional indebtedness;
- make restricted payments (including paying dividends on, redeeming or repurchasing our capital stock);
- issue preferred stock of subsidiaries;
- make certain investments or acquisitions;
- create liens on our assets to secure debt;
- engage in certain types of transactions with affiliates;
- place restrictions on the ability of restricted subsidiaries to make payments to us;
- merge, consolidate or transfer substantially all of our assets; and
- transfer and sell assets.

Any or all of these covenants could have a material adverse effect on our business by limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities and to fund our operations. Any future debt could also contain financial and other covenants more restrictive than those imposed under our senior secured credit facilities and the indentures governing our debt securities.

A breach of a covenant or other provision in any debt instrument governing our current or future indebtedness could result in a default under that instrument and, due to customary cross-default and cross-acceleration provisions, could result in a default under our other debt instruments. Upon the occurrence of an event of default under the senior secured credit facilities or some of our other debt instruments, lenders representing more than 50% of our senior secured term credit facility or more than 50% of our senior secured revolving credit facility, or any indenture trustee or holders of at least 25% of any series of our debt securities could elect to declare all amounts outstanding to be immediately due and payable and, with respect to the revolving credit and letter of credit components of our senior secured credit facilities, terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them, if any, to secure the indebtedness. If the lenders under our current or future indebtedness were to so accelerate the payment of the

## **Table of Contents**

indebtedness, we cannot give assurance that our assets would be sufficiently liquid to repay in full our outstanding indebtedness on an accelerated basis.

**Some of our debt, including the borrowings under our senior secured credit facilities, is based on variable rates of interest, which could result in higher interest expenses in the event of an increase in interest rates.**

As of January 1, 2011, approximately \$879 million, or 55%, of our total indebtedness, was subject to variable interest rates. If we borrow additional amounts under the revolving portion of our senior secured credit facilities, the interest rates on those borrowings may vary depending on the base rate or Eurodollar Rate ( LIBOR ). A 1% increase in the weighted average interest rates on our variable rate debt outstanding as of January 1, 2011, would result in higher interest expense of approximately \$9 million per year.

## **Risks Relating to Our Common Stock**

**We are a controlled company, controlled by David H. Murdock, whose interests in our business may be different from yours.**

David H. Murdock and his affiliates own 51,710,000 shares, or approximately 58.6%, of our outstanding common stock. Mr. Murdock and his affiliates will, for the foreseeable future, have significant influence over our management and affairs. He and his controlled companies are able, subject to applicable law, to elect all of the members of our Board of Directors and control actions to be taken by us and our Board of Directors, including amendments to our certificate of incorporation and bylaws and approval of significant corporate transactions, including mergers and sales of substantially all of our assets. The directors so elected will have the authority, subject to the terms of our indebtedness and the rules and regulations of the NYSE, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. It is possible that the interests of Mr. Murdock may in some circumstances conflict with our interests and the interests of our other stockholders.

**The value of our common stock could be volatile.**

The overall market and the price of our common stock may fluctuate greatly. The trading price of our common stock may be significantly affected by various factors, including:

- quarterly fluctuations in our operating results;
- changes in investors and analysts perception of the business risks and conditions of our business;
- our ability to meet the earnings estimates and other performance expectations of financial analysts or investors;
- unfavorable commentary or downgrades of our stock by equity research analysts;
- fluctuations in the stock prices of our peer companies or in stock markets in general; and
- general economic or political conditions.

**Our charter documents contain provisions that may delay, defer or prevent a change of control.**

Provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if the change in control would be beneficial to stockholders. These provisions include the following:



division of our Board of Directors into three classes, with each class serving a staggered three-year term;

removal of directors by stockholders by a supermajority of two-thirds of the outstanding shares;

ability of the Board of Directors to authorize the issuance of preferred stock in series without stockholder approval;

**Table of Contents**

advance notice requirements for stockholder proposals and nominations for election to the Board of Directors; and

prohibitions on our stockholders from acting by written consent and limitations on calling special meetings.

**Future sales of our common stock may lower our stock price.**

If Mr. Murdock were to sell a large number of shares of our common stock, the market price of our common stock could decline significantly. In addition, the perception in the public market that Mr. Murdock might sell shares of common stock could depress the market price of our common stock, regardless of his actual plans. In connection with a trust transaction that occurred at the time of our initial public offering, an affiliate of Mr. Murdock agreed to sell to the trust 24,000,000 shares of our common stock deliverable upon exchange of the trust's securities. Although the affiliate has the option to settle its obligation to the trust in cash, all such shares could be delivered upon exchange of the trust's securities beginning on November 1, 2012. Any such shares delivered upon exchange will be freely tradable under the Securities Act.

Following our October 2009 initial public offering, we registered 6,000,000 shares of common stock that were reserved for issuance under our 2009 Stock Incentive Plan. These shares can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates.

**We do not anticipate paying any dividends for the foreseeable future.**

We do not anticipate paying any dividends to our stockholders for the foreseeable future. The agreements governing our indebtedness also restrict our ability to pay dividends. Accordingly, stockholders may have to sell some or all of their common stock in order to generate cash flow from their investment. Stockholders may not receive a gain on their investment when they sell our common stock and may lose some or all of the amount of their investment. Any determination to pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, financial conditions, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

**Item 1B. *Unresolved Staff Comments***

None.

**Item 2. *Properties***

The following is a description of our significant properties.

***North America***

We own our executive office facility in Westlake Village, California, and lease a divisional office in Monterey, California.

Our Hawaii operations are located on the island of Oahu and total approximately 25,400 acres, which we own. Of the total acres owned, we farm pineapples on 2,700 acres and coffee and cacao on an additional 195 acres. The remaining acres are leased or are in pastures and forest reserves. As of January 1, 2011, approximately 9,300 acres were classified as assets held-for-sale. Other Hawaii land parcels are currently under evaluation for potential sale.

We own approximately 200 acres of farmland in California, and lease approximately 12,600 acres of farmland in California and 3,500 acres in Arizona in connection with our vegetable and berry operations. The majority of this acreage is farmed under joint growing arrangements with independent growers, while we farm the remainder. We own cooling, packing and shipping facilities in Marina, Gonzales and Huron, California. Additionally, we have partnership interests in facilities in Yuma, Arizona and Salinas, California, and leases in facilities in the following California cities: Oxnard, Monterey and Watsonville. We own and operate state-of-the-art, packaged salad and vegetable plants in Yuma, Arizona, Soledad, California, Springfield, Ohio and Bessemer City, North Carolina.

We own approximately 2,600 acres of peach orchards in California of which we farm 1,050 acres. At January 1, 2011, approximately 400 acres were classified as assets held-for-sale. We also own and operate a plant in

**Table of Contents**

Atwater, California that produces individually quick frozen fruit, and lease a production facility located in Decatur, Michigan.

***Latin America***

We own offices in San Jose, Costa Rica, and La Ceiba, Honduras. We also lease offices in Chile, Costa Rica, Ecuador and Guatemala.

We produce bananas directly from owned plantations in Costa Rica, Ecuador and Honduras as well as through associated producers or independent growing arrangements in those countries and others, including Guatemala and Colombia. We own approximately 22,300 acres in Costa Rica, 3,900 acres in Ecuador and 25,500 acres in Honduras, all related to banana production, although some of the acreage is not presently under production.

We own approximately 8,200 acres of land in Honduras, 7,300 acres of land in Costa Rica and 3,000 acres of land in Ecuador, all related to pineapple production, although some of the acreage is not presently under production. We also own a juice concentrate plant in Honduras for pineapple. Pineapple is grown primarily for the fresh produce market.

We grow grapes, stone fruit, kiwi and pears on approximately 600 acres leased by us in Chile. We own or operate 10 packing and cold storage facilities in Chile, and one in Argentina. In addition, we operate a fresh-cut salad plant and a small local fruit distribution company in Chile.

We indirectly own 35% of Bananapuerto, an Ecuadorian port, and operate the port pursuant to a port services agreement signed in 2002, the term of which is up to 30 years.

At year end, Dole Latin America operated a fleet of seven refrigerated container ships, of which four are owned, two are under long-term capital leases and one is long-term chartered at year end. In addition, Dole Latin America operated a fleet of 21 breakbulk refrigerated ships, of which seven are owned and fourteen are long-term chartered. We intend to return six of the chartered vessels during 2011. We also cover part of our requirements under contracts with existing liner services and occasionally charter vessels for short periods on a time or voyage basis as and when required. We own or lease approximately 13,800 refrigerated containers, 1,500 dry containers, 6,000 chassis and 4,500 generator sets worldwide.

***Asia***

We operate a pineapple plantation of approximately 37,600 leased acres in the Philippines. Approximately 18,900 acres of the plantation are leased to us by a cooperative of our employees that acquired the land pursuant to agrarian reform law. The remaining 18,700 acres are leased from individual land owners. Two multi-fruit canneries, a blast freezer, cold storage, a juice concentrate plant, a box forming plant, a can and drum manufacturing plant, warehouses, wharf and a fresh fruit packing plant, each owned by us, are located at or near the pineapple plantation.

We own and operate a tropical fruit cannery and a multi-fruit processing factory in central Thailand and a second tropical fruit cannery in southern Thailand. Dole also grows pineapple in Thailand on approximately 3,800 acres of owned land, not all of which are currently under cultivation.

We produce bananas and papaya from 29,600 acres of leased land in the Philippines and also source these products through associated producers or independent growing arrangements in the Philippines. A plastic extruding plant and a box forming plant, both owned by us, are located near the banana plantations. We also operate banana ripening and distribution centers in Hong Kong, South Korea, Taiwan, China, the Philippines and New Zealand.

Bananas are also grown on 1,200 acres of leased land in Australia.

Additionally, we source products from approximately 1,000 Japanese farmers through independent growing arrangements.

## **Table of Contents**

### ***Europe***

We maintain our European headquarters in Hamburg, Germany and have major regional offices in Lübeck, Germany, Milan, Italy, Madrid, Spain, Helsingborg, Sweden and Cape Town, South Africa, some of which are leased from third parties.

We operate and own one banana ripening and produce distribution center in Sweden, two banana ripening and produce distribution facilities in Spain, two in Germany, one in Turkey and one in Italy. We also operate and lease two banana ripening, produce and flower distribution centers in Sweden, two banana ripening and produce distribution facilities in Spain, one in Portugal, three in Italy, one in Belgium, two in Austria, two in Germany, and one in Romania. We have a minority interest in a French company, Compagnie Financière de Participations ( CF ), that owns a majority interest in banana and pineapple plantations in Cameroon, Ghana and the Ivory Coast. During the fourth quarter of 2008, CF acquired our JP Fresh and Dole France subsidiaries which companies operate banana ripening and distribution facilities in the United Kingdom and France, respectively.

In addition, our subsidiary Saba Fresh Cuts AB, owns and operates a state-of-the-art, packaged salad and vegetable plant in Helsingborg, Sweden.

### **Item 3. *Legal Proceedings***

Dole is involved from time to time in claims and legal actions incidental to its operations, both as plaintiff and defendant. Dole has established what management currently believes to be adequate reserves for pending legal matters. These reserves are established as part of an ongoing worldwide assessment of claims and legal actions that takes into consideration such items as changes in the pending case load (including resolved and new matters), opinions of legal counsel, individual developments in court proceedings, changes in the law, changes in business focus, changes in the litigation environment, changes in opponent strategy and tactics, new developments as a result of ongoing discovery, and past experience in defending and settling similar claims. In the opinion of management, after consultation with outside counsel, the claims or actions to which Dole is a party are not expected to have a material adverse effect, individually or in the aggregate, on Dole's financial condition or results of operations.

*DBCP Cases:* A significant portion of Dole's legal exposure relates to lawsuits pending in the United States and in several foreign countries, alleging injury as a result of exposure to the agricultural chemical DBCP (1,2-dibromo-3-chloropropane). DBCP was manufactured by several chemical companies including entities of The Dow Chemical Company and Royal Dutch Shell plc and registered by the U.S. government for use on food crops. Dole and other growers applied DBCP on banana farms in Latin America and the Philippines and on pineapple farms in Hawaii. Specific periods of use varied among the different locations. Dole halted all purchases of DBCP, including for use in foreign countries, when the U.S. EPA cancelled the registration of DBCP for use in the United States in 1979. That cancellation was based in part on a 1977 study by a manufacturer which indicated an apparent link between male sterility and exposure to DBCP among factory workers producing the product, as well as early product testing done by the manufacturers showing testicular effects on animals exposed to DBCP. To date, there is no reliable evidence demonstrating that field application of DBCP led to sterility among farm workers, although that claim is made in the pending lawsuits. Nor is there any reliable scientific evidence that DBCP causes any other injuries in humans, although plaintiffs in the various actions assert claims based on cancer, birth defects and other general illnesses.

Currently there are 228 lawsuits, in various stages of proceedings, alleging injury as a result of exposure to DBCP or seeking enforcement of Nicaragua judgments. In addition, there are 11 labor cases pending in Costa Rica under that country's national insurance program.

Twenty-one of the 228 lawsuits are currently pending in various jurisdictions in the United States. One case in Los Angeles Superior Court, the last remaining lawsuit brought in the United States by Nicaraguan plaintiffs, was dismissed after the Court found that the plaintiffs and their representatives engaged in blatant fraud, witness tampering, and active manipulation. In dismissing this lawsuit, the Court vacated an earlier \$1.58 million judgment against Dole in favor of four of the plaintiffs. This result was the culmination of hearings conducted by the Court in response to a July 7, 2009 order issued to plaintiffs by the California Second District Court of Appeal directing them to show cause why the \$1.58 million judgment should not be vacated and judgment be entered in Dole's favor on the

## **Table of Contents**

grounds that the judgment was procured through fraud. After hearings held on May 10 and 11, and July 7-9 and 12, 2010, the Court issued an oral ruling, finding that the judgment had been procured through fraud on both Dole and the Court, and ordered it vacated. On March 11, 2011, the Court issued a final Statement of Decision that vacates the judgment and dismisses all plaintiffs' claims with prejudice. Another case pending in Los Angeles Superior Court involving 552 Costa Rican plaintiffs is currently in discovery proceedings. Pursuant to a case management order, the initial phase of discovery requires that all plaintiffs travel to the U.S. for preliminary medical testing.

The remaining lawsuits are pending in Latin America and the Philippines. Claimed damages in DBCP cases worldwide total approximately \$45 billion, with lawsuits in Nicaragua representing approximately 87% of this amount. Typically, in these cases Dole is a joint defendant with the major DBCP manufacturers. Except as described below, none of these lawsuits has resulted in a verdict or judgment against Dole.

In Nicaragua, 195 cases are currently filed (of which 33 are active) in various courts throughout the country, all but two of which were brought pursuant to Law 364, an October 2000 Nicaraguan statute that contains substantive and procedural provisions that Nicaragua's Attorney General formally opined are unconstitutional. In October 2003, the Supreme Court of Nicaragua issued an advisory opinion, not connected with any litigation, that Law 364 is constitutional. Thirty-two cases have resulted in judgments in Nicaragua: \$489.4 million (nine cases consolidated with 465 claimants) on December 11, 2002; \$82.9 million (one case with 58 claimants) on February 25, 2004; \$15.7 million (one case with 20 claimants) on May 25, 2004; \$4 million (one case with four claimants) on May 25, 2004; \$56.5 million (one case with 72 claimants) on June 14, 2004; \$64.8 million (one case with 85 claimants) on June 15, 2004; \$27.7 million (one case with 36 claimants) on March 17, 2005; \$98.5 million (one case with 150 claimants) on August 8, 2005; \$46.4 million (one case with 62 claimants) on August 20, 2005; \$809 million (six cases consolidated with 1,248 claimants) on December 1, 2006; \$38.4 million (one case with 192 claimants) on November 14, 2007; and \$357.7 million (eight cases with 417 claimants) on January 12, 2009, which Dole learned of unofficially. Except for the latest one, Dole has appealed all judgments, with Dole's appeal of the August 8, 2005 \$98.5 million judgment currently pending before the Nicaragua Court of Appeal. Dole will appeal the \$357.7 million judgment once it has been served. On August 5, 2010, the Nicaragua Court of Appeal issued a ruling upholding the December 1, 2006 \$809 million judgment. Dole has appealed that ruling to the Nicaragua Supreme Court.

In all but one of the active cases where the proceeding has reached the appropriate stage, Dole has sought to have the cases returned to the United States. In all of the cases where Dole's request to return the case to the United States has been ruled upon, the courts have denied Dole's request and Dole has appealed those decisions.

On October 20, 2009, the United States District Court for the Southern District of Florida issued an order denying recognition and enforcement of the \$98.5 million Nicaragua judgment against Dole and another U.S. company. That order cited separate and independent grounds for non-recognition: the Nicaragua trial court did not have jurisdiction over the defendant companies; the judgment did not arise out of proceedings that comported with the international concept of due process; the judgment was rendered under a system which does not provide an impartial tribunal or procedures compatible with the requirements of due process of law; and the cause of action or claim for relief on which the judgment is based is repugnant to the public policy of Florida. Final judgment in favor of Dole (and the other defendant companies) was entered November 10, 2009, and the Court ordered the case closed. On March 10, 2010, Plaintiffs filed an appeal, which is currently pending before the United States Court of Appeals for the Eleventh Circuit.

Dole believes that none of the Nicaraguan judgments will be enforceable against any Dole entity in the U.S. or in any other country, because Nicaragua's Law 364 is unconstitutional and violates international principles of due process. Among other things, Law 364 is an improper special law directed at particular parties; it requires defendants to pay large, non-refundable deposits in order to even participate in the litigation; it provides a severely truncated procedural process; it establishes an irrebuttable presumption of causation that is contrary to the evidence and scientific data; and



it sets unreasonable minimum damages that must be awarded in every case.

On October 23, 2006, Dole announced that Standard Fruit de Honduras, S.A. reached an agreement with the Government of Honduras and representatives of Honduran banana workers. This agreement establishes a Worker Program that is intended by the parties to resolve in a fair and equitable manner the claims of male banana workers alleging sterility as a result of exposure to DBCP. The Honduran Worker Program will not have a material effect on

**Table of Contents**

Dole's financial position or results of operations. The official start of the Honduran Worker Program was announced on January 8, 2007. On August 15, 2007, Shell Oil Company was included in the Worker Program.

As to all the DBCP matters, Dole has denied liability and asserted substantial defenses. While Dole believes there is no reliable scientific basis for alleged injuries from the agricultural field application of DBCP, Dole continues to seek reasonable resolution of pending litigation and claims in the U.S. and Latin America. For example, as in Honduras, Dole is committed to finding a prompt resolution to the DBCP claims in Nicaragua, and is prepared to pursue a structured worker program in Nicaragua with science-based criteria. Dole has also had discussions with individual plaintiff groups on possible ways to resolve related DBCP cases.

Although no assurance can be given concerning the outcome of the DBCP cases, in the opinion of management, after consultation with legal counsel and based on past experience defending and settling DBCP claims, the pending lawsuits are not expected to have a material adverse effect on Dole's financial condition or results of operations.

*European Union Antitrust Inquiry:* On October 15, 2008, the European Commission ( EC ) adopted a Decision against Dole Food Company, Inc. and Dole Fresh Fruit Europe OHG and against other unrelated banana companies, finding violations of the European competition (antitrust) laws. The Decision imposes 45.6 million in fines on Dole.

The Decision follows a Statement of Objections, issued by the EC on July 25, 2007, and searches carried out by the EC in June 2005 at certain banana importers and distributors, including two of Dole's offices.

Dole received the Decision on October 21, 2008 and appealed the Decision to the European General Court in Luxembourg on December 24, 2008.

Dole made an initial \$10 million ( 7.6 million) provisional payment towards the 45.6 million fine on January 22, 2009, which is classified as other assets, net in the accompanying consolidated balance sheets. As agreed with the European Commission (DG Budget), Dole provided the required bank guaranty for the remaining balance of the fine plus interest to the EC by the deadline of April 30, 2009. The bank guaranty renews annually during the appeals process (which may take several years) and carries interest of 6.15% (accrued from January 23, 2009). If the European General Court fully agrees with Dole's arguments presented in its appeal, Dole will be entitled to the return of all monies paid, plus interest.

Although, no assurances can be given, and although there could be a material adverse effect on Dole, Dole believes that it has not violated the European competition laws. No accrual for the Decision has been made in the accompanying consolidated financial statements, since Dole cannot determine at this time the amount of probable loss, if any, incurred as a result of the Decision.

*Honduran Tax Case:* In 2005, Dole received a tax assessment from Honduras of approximately \$137 million (including the claimed tax, penalty, and interest through the date of assessment) relating to the disposition of all of Dole's interest in Cervecería Hondureña, S.A in 2001. Dole believes the assessment is without merit and filed an appeal with the Honduran tax authorities, which was denied. As a result of the denial in the administrative process, in order to negate the tax assessment, on August 5, 2005, Dole proceeded to the next stage of the appellate process by filing a lawsuit against the Honduran government in the Honduran Administrative Tax Trial Court. The Honduran government sought dismissal of the lawsuit and attachment of assets, which Dole challenged. The Honduran Supreme Court affirmed the decision of the Honduran intermediate appellate court that a statutory prerequisite to challenging the tax assessment on the merits is the payment of the tax assessment or the filing of a payment plan with the Honduran courts; Dole has challenged the constitutionality of the statute requiring such payment or payment plan. Dole and the Honduran government have had discussions regarding possible ways to resolve pending lawsuits and tax-related matters. Although no assurance can be given concerning the outcome of this case, in the opinion of

management, after consultation with legal counsel, the pending lawsuits and tax-related matters are not expected to have a material adverse effect on Dole's financial condition or results of operations.

*Former Shell Site:* Shell Oil Company and Dole are defendants in several cases filed in Los Angeles Superior Court alleging property damage and personal injury by persons claiming to be current or former residents of a housing development built in the 1960s by a predecessor of what is now a Dole subsidiary, on land that had been

**Table of Contents**

owned and used by Shell as a crude oil storage facility for 40 years prior to the housing development. The California Regional Water Quality Control Board is supervising a testing program on the former Shell site. Although no assurance can be given concerning the outcome of these actions, Dole believes the housing development was done properly, more than 40 years ago, in conformity with all applicable governmental laws and regulations. No accrual for any possible liability has been made in the accompanying consolidated financial statements, since Dole cannot determine at this time the amount of probable loss, if any, incurred as a result of these actions.

*Arbitration Settlement:* During the third quarter of 2010, Dole, as plaintiff, settled a dispute for \$30 million that was the subject of an arbitration proceeding. The dispute involved faulty manufactured containers sold to Dole. The settlement payment was received by Dole during the third quarter of 2010. In connection with the settlement, Dole recorded a \$2.7 million non-cash impairment charge related to obsolete containers during the third quarter of 2010. As a result, Dole has included \$27.3 million as gain on legal settlements on the accompanying consolidated statement of operations.

*Supplier Settlement:* During the fourth quarter of 2010, Dole and a fresh vegetables supplier settled a dispute. Pursuant to the settlement, the supplier paid Dole \$5.3 million, which is included as gain on legal settlements on the accompanying consolidated statement of operations.

**Item 4. Reserved****PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Dole's common stock is listed and traded on the New York Stock Exchange under the ticker symbol DOLE. As of February 28, 2011, there were 77 registered stockholders of Dole's common stock. Dole completed an initial public offering of 35.7 million common shares on October 28, 2009. Dole's common stock began trading on the New York Stock Exchange on October 23, 2009. The following table shows the high and low reported closing price per share of Dole's common stock on the New York Stock Exchange for each quarter during fiscal 2010 and October 23, 2009 through the end of fiscal year 2009.

	<b>High</b>	<b>Low</b>
<b>2010</b>		
First quarter	\$ 12.47	\$ 10.85
Second quarter	12.37	8.95
Third quarter	11.51	8.64
Fourth quarter	13.55	8.99
<b>2009</b>		
October 23, 2009 through January 2, 2010	\$ 12.50	\$ 11.37

Additional information required by Item 5 is contained in Note 14 Shareholders' Equity, to Dole's Consolidated Financial Statements in this Form 10-K.

**Table of Contents*****Performance Graph***

The graph below matches the cumulative total return of holders of Dole Food Company, Inc.'s common stock with the cumulative total returns of the S&P 500 index and the S&P 500 Food Products index. The graph assumes that the value of the investment in Dole's common stock and in each of the indexes (including reinvestment of dividends) was \$100 on October 23, 2009 and tracks it through January 1, 2011 (the end of Dole's fiscal year).

	<b>10/23/2009</b>	<b>1/02/2010</b>	<b>1/01/2011</b>
<b>Dole Food Company, Inc.</b>	<b>\$ 100.00</b>	<b>\$ 101.06</b>	<b>\$ 110.02</b>
<b>S&amp;P 500 Index</b>	<b>\$ 100.00</b>	<b>\$ 103.73</b>	<b>\$ 119.35</b>
<b>S&amp;P 500 Food Products Index</b>	<b>\$ 100.00</b>	<b>\$ 104.93</b>	<b>\$ 119.83</b>

*The stock price performance included in this graph is not necessarily indicative of future stock price performance.*

**Table of Contents****Item 6. Selected Financial Data**

	<b>Year Ended January 1, 2011</b>	<b>Year Ended January 2, 2010</b>	<b>Year Ended January 3, 2009</b>	<b>Year Ended December 29, 2007</b>	<b>Year Ended December 30, 2006</b>
<b>(In millions, except per share data)</b>					
<b>Summary of Operations</b>					
Revenues, net <sup>(1)</sup>	\$ 6,893	\$ 6,779	\$ 7,620	\$ 6,821	\$ 5,991
Operating income	194	352	275	149	136
Income (loss) from continuing operations, net of income taxes	(34)	85	147	(38)	(40)
Income (loss) from discontinued operations, net of income taxes	1	2	(27)	(16)	(50)
Gain on disposal of discontinued operations, net of income taxes	3	1	3		3
Net income (loss)	(30)	88	123	(54)	(87)
Less: Net income attributable to noncontrolling interests	(4)	(4)	(2)	(3)	(3)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	(34)	84	121	(57)	(90)
Average common shares outstanding Basic <sup>(3)</sup>	87	59	52	52	52
Average common shares outstanding Diluted <sup>(3)</sup>	87	59	52	52	52
<b>Per Share Data<sup>(3)</sup></b>					
Income (loss) from continuing operations Basic	\$ (0.39)	\$ 1.45	\$ 2.84	\$ (0.75)	\$ (0.75)
Income (loss) from continuing operations Diluted	\$ (0.39)	\$ 1.45	\$ 2.84	\$ (0.75)	\$ (0.75)
<b>Balance Sheet and Other Information</b>					
Working capital (current assets less current liabilities)	\$ 695	\$ 777	\$ 531	\$ 694	\$ 688
Total assets	4,257	4,107	4,365	4,643	4,612
Long-term debt	1,564	1,553	1,799	2,316	2,316
Total debt	1,604	1,598	2,204	2,411	2,364
Total shareholders' equity <sup>(3)</sup>	817	866	433	355	366
Cash dividends declared and paid to parent		15			164
Proceeds from sales of assets and businesses, net	46	185 <sup>(2)</sup>	226	42	31
Capital additions from continuing operations	100	51	74	104	115
Depreciation and amortization from continuing operations	114	120	138	151	144

Note: Discontinued operations for the periods presented relate to the reclassification of the fresh-cut flowers and North American citrus and pistachio operations to discontinued operations during 2008 and 2007, respectively, the sale of the Pacific Coast Truck operations during 2006 and the resolution during 2005 of a contingency related to the 2001 disposition of Dole's interest in Cerveceria Hondureña, S.A.

- (1) During the fourth quarter of 2008, Dole completed the sale of its JP Fresh and Dole France ripening and distribution subsidiaries. These businesses generated revenues of \$382 million, \$480 million and \$228 million during fiscal years 2008, 2007 and 2006, respectively.
- (2) Included in the 2009 proceeds from sales of assets and businesses, net was \$26 million of long-term debt which was assumed by the buyer of Dole's fresh-cut flowers business.
- (3) During the fourth quarter of 2009, Dole completed a \$446 million initial public offering of 35.7 million common shares. Dole received net proceeds of \$415 million, reflecting \$31 million of underwriting discount and offering expenses, and used the net proceeds to pay down indebtedness. Immediately prior to the closing of the initial public offering, Dole completed certain restructuring transactions. Fiscal years 2006 through 2009 basic weighted average common shares outstanding reflect the effect of the 51,710:1 share conversion related to the restructuring transactions.

**Table of Contents**

**Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations***

This Management's Discussion and Analysis contains forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements, which are based on management's assumptions and describe Dole's future plans, strategies and expectations, are generally identifiable by the use of terms such as "anticipate," "will," "expect," "believe," "should" or similar expressions. The potential risks and uncertainties that could cause Dole's actual results to differ materially from those expressed or implied herein are set forth in Item 1A and Item 7A of this Annual Report on Form 10-K for the year ended January 1, 2011 and include: weather-related phenomena; market responses to industry volume pressures; product and raw material supplies and pricing; changes in interest and currency exchange rates; economic crises; quotas, tariffs and other governmental actions and international conflict.

**Overview**

Significant highlights for Dole Food Company, Inc. and its consolidated subsidiaries ( "Dole" or the "Company" ) for the year ended January 1, 2011 were as follows:

Operating income in 2010 was \$194 million compared to \$352 million in 2009, a decrease of 45%. 2010 operating income included a net \$5 million benefit due to asset sales and unrealized hedging gains, compared with a net \$74 million benefit due to asset sales and unrealized hedging gains in 2009. Earnings decreased in our fresh fruit segment, partially offset by stronger results in our fresh vegetables and packaged foods segments.

Fresh fruit operating income decreased primarily as a result of lower banana performance worldwide as a result of higher fruit costs from Latin America, lower local pricing in Asia and the absence of 2009 asset sale gains. Operating income was also impacted by \$33 million of charges related to restructuring and long-term receivables and a net \$27.3 million gain on an arbitration settlement involving faulty containers sold to Dole.

In the first quarter of 2011, pricing for bananas has improved in both Europe and Asia, and we have implemented a force majeure surcharge in North America. These improvements are moving the fresh fruit segment toward more normal levels of profitability in 2011.

Fresh vegetables operating income increased significantly due to improved pricing, favorable product mix, lower product costs and higher volumes in our packaged salads business.

Packaged foods operating income was slightly higher due to better performance of FRUIT BOWLS® and frozen fruit operations in North America and improved pricing for concentrate worldwide, partially offset by higher costs impacting our worldwide packaged fruit operations.

Cash flows provided from operating activities decreased \$135 million to \$148 million compared to \$283 million in 2009. The change was primarily due to lower net income.

Dole reduced its total net debt outstanding by \$45 million during 2010. Total net debt is defined as total debt less cash and cash equivalents. Net debt at the end of 2010 was \$1.43 billion. There were no borrowings outstanding under the asset based revolving credit facility ( "ABL revolver" ). Dole also reduced its interest expense by \$42 million during 2010.

Dole committed to a restructuring plan during the third quarter of 2010 in its fresh fruit segment in Europe, Latin America and Asia. These restructuring efforts are designed to reduce costs by realigning fruit supply with



expected demand. As part of these initiatives, Dole restructured certain farming operations in Latin America and Asia, reorganized its European operations and rationalized vessel charters. During the third and fourth quarters of 2010, Dole incurred \$21.3 million of restructuring costs related to these initiatives, of which \$11.1 million was paid or will be paid in cash. Dole expects to continue restructuring operations beyond fiscal 2010. Related to these efforts, Dole expects to incur additional restructuring charges of \$6.8 million and \$0.4 million during fiscal 2011 and 2012, respectively. As a result of these various initiatives, beginning in fiscal 2011 Dole expects to realize annual cash savings in our fresh fruit segment of approximately \$37 million. These savings are expected to result from lower production costs including

**Table of Contents**

lower labor costs on our farms and in our ports, enhanced farm productivity, lower distribution costs resulting from more efficient utilization of our shipping fleet, and lower selling and general and administrative costs as a result of streamlining our organization in Europe.

There were also favorable developments in legal proceedings:

On July 15, 2010, the Los Angeles Superior Court dismissed *Tellez v. Dole*, the last remaining lawsuit brought in the United States by Nicaraguan plaintiffs claiming to have been banana workers on Dole-contracted farms in Nicaragua during the 1970s. The dismissal came as a result of the Court's finding that plaintiffs and their representatives engaged in blatant fraud, witness tampering, and active manipulation. In dismissing this lawsuit, the Court vacated the earlier \$1.58 million judgment against Dole in favor of four of the 12 plaintiffs claiming sterility from DBCP exposure while allegedly working on Dole-contracted farms. On March 11, 2011, the Court issued a final Statement of Decision that vacates the judgment and dismisses all plaintiffs' claims with prejudice.

As discussed above, during the third quarter of 2010, Dole, as plaintiff, settled a dispute for \$30 million that was the subject of an arbitration proceeding. The dispute involved faulty manufactured containers sold to Dole. The settlement payment was received by Dole during the third quarter of 2010. In connection with the settlement, Dole recorded a \$2.7 million non-cash impairment charge related to obsolete containers during the third quarter of 2010.

During the fourth quarter of 2010, Dole and a fresh vegetables supplier settled a dispute. Pursuant to the settlement, the supplier paid Dole \$5.3 million during the fourth quarter.

**Non-GAAP Financial Measures**

The following is a reconciliation of earnings before interest expense and income taxes ( EBIT ) and adjusted earnings before interest expense, income taxes, depreciation and amortization ( Adjusted EBITDA ) to the most directly comparable U.S. Generally Accepted Accounting Principles ( U.S. GAAP ) financial measure:

	<b>Year Ended January 1, 2011</b>	<b>Year Ended January 2, 2010</b>	<b>Year Ended January 3, 2009</b>
	<b>(In thousands)</b>		
Net income (loss)	\$ (30,166)	\$ 88,033	\$ 122,849
(Income) loss from discontinued operations, net of income taxes	(629)	(1,639)	27,391
Gain on disposal of discontinued operations, net of income taxes	(2,957)	(1,308)	(3,315)
Interest expense	163,950	205,715	174,485
Income taxes	13,394	22,684	(48,015)
<b>EBIT</b>	<b>143,592</b>	<b>313,485</b>	<b>273,395</b>
Depreciation and amortization from continuing operations	114,239	119,572	137,660
Net unrealized loss on derivative instruments	65,099	8,417	48,734
Foreign currency exchange (gain) loss on vessel obligations	(2,677)	6,326	(21,300)
Net unrealized (gain) loss on foreign denominated instruments	3,204	306	(1,882)
Debt retirement costs in connection with initial public offering		30,551	

Gain on asset sales	(3,017)	(61,257)	(26,976)
Adjusted EBITDA	\$ 320,440	\$ 417,400	\$ 409,631

EBIT and Adjusted EBITDA are measures commonly used by financial analysts in evaluating the performance of companies. EBIT is calculated by subtracting income from discontinued operations, net of incomes taxes, from net income, by subtracting the gain on disposal of discontinued operations, net of income taxes, by adding interest expense and by adding income tax expense to net income. Adjusted EBITDA is calculated by adding depreciation and amortization from continuing operations to EBIT, by adding the net unrealized loss or subtracting the net unrealized gain on certain derivative instruments (foreign currency and bunker fuel hedges and the cross currency

**Table of Contents**

swap), to or from EBIT, respectively, by adding the foreign currency loss or subtracting the foreign currency gain on the vessel obligations to or from EBIT, respectively, by adding the net unrealized loss or subtracting the net unrealized gain on foreign denominated instruments to or from EBIT, respectively, and by subtracting the gain on asset sales from EBIT. These items have been adjusted because management excludes these amounts when evaluating the performance of Dole. For 2009, debt retirement costs in connection with Dole's initial public offering are also added to EBIT in calculating Adjusted EBITDA. Net debt is calculated as total debt less cash and cash equivalents.

EBIT and Adjusted EBITDA are not calculated or presented in accordance with U.S. GAAP and EBIT and Adjusted EBITDA are not a substitute for net income attributable to Dole Food Company, Inc., net income, income from continuing operations, cash flows from operating activities or any other measure prescribed by U.S. GAAP. Further, EBIT and Adjusted EBITDA as used herein are not necessarily comparable to similarly titled measures of other companies. However, Dole has included EBIT and Adjusted EBITDA herein because management believes that EBIT and Adjusted EBITDA are useful performance measures for Dole. In addition, EBIT and Adjusted EBITDA are presented because management believes that these measures are frequently used by securities analysts, investors and others in the evaluation of Dole.

EBIT and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, operating income, cash flow or other combined income or cash flow data prepared in accordance with U.S. GAAP. Because of their limitations, EBIT and Adjusted EBITDA and the related ratios presented throughout this document should not be considered as measures of discretionary cash available to invest in business growth or reduce indebtedness. Dole compensates for these limitations by relying primarily on its U.S. GAAP results and using EBIT and Adjusted EBITDA only supplementally.

**Results of Operations**

Selected results of operations for the years ended January 1, 2011, January 2, 2010 and January 3, 2009 were as follows:

	<b>Year Ended January 1, 2011</b>	<b>Year Ended January 2, 2010</b>	<b>Year Ended January 3, 2009</b>
	<b>(In thousands)</b>		
Revenues, net	\$ 6,892,614	\$ 6,778,521	\$ 7,619,952
Operating income	193,674	351,746	274,618
Other income (expense), net	(63,641)	(24,727)	(14,066)
Interest expense	(163,950)	(205,715)	(174,485)
Income taxes	(13,394)	(22,684)	48,015
Earnings from equity method investments	7,364	10,100	6,388
Net income (loss)	(30,166)	88,033	122,849
Less: Net income attributable to noncontrolling interests	(3,958)	(3,948)	(1,844)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	(34,124)	84,085	121,005

**Revenues**

For the year ended January 1, 2011, revenues increased 2% to \$6.9 billion from \$6.8 billion in the prior year. Higher sales were reported in all three of Dole's operating segments. Packaged foods sales increased \$79.6 million as a result

of higher volumes worldwide. Fresh vegetables sales increased \$30.5 million due primarily to higher sales of packaged salads in North America and higher volumes in Asia fresh-packed vegetables. Fresh fruit sales increased slightly due to higher sales in the European ripening and distribution businesses, higher volumes of bananas sold in Asia and higher sales of citrus and other fresh fruit in Asia. These improvements were partially offset by lower volumes of bananas sold in North America and Europe as well as lower pricing in Asia. In addition, fresh fruit revenues were impacted by the sale of Dole's Latin America box plants during the third and fourth

**Table of Contents**

quarters of 2009. The box plants contributed \$110 million to revenues during 2009. Net favorable currency exchange movements in Dole's selling locations resulted in higher revenues of approximately \$26 million.

For the year ended January 2, 2010, revenues decreased 11% to \$6.8 billion from \$7.6 billion in the prior year. The decrease was primarily due to the fourth quarter 2008 sale of the JP Fresh and Dole France ripening and distribution subsidiaries (divested businesses) and the benefit of a 53-week year in 2008 compared to a 52-week year in 2009. Dole's divested businesses generated revenues of \$382 million in 2008 and revenues benefited by approximately \$113 million from the additional week during 2008. Excluding these items, total 2009 sales decreased 5%. Fresh fruit sales, excluding these items, decreased \$233 million mainly due to lower sales in the remaining European ripening and distribution businesses, lower sales of bananas in Europe, and lower sales of Chilean deciduous fruit. Fresh vegetables sales decreased \$62 million mainly due to lower volumes of fresh-packed vegetables and packaged salads. Packaged foods sales decreased \$89 million as a result of lower volumes sold worldwide. Unfavorable foreign currency exchange movements in Dole's selling locations resulted in lower revenues of approximately \$109 million. These decreases were partially offset by higher sales of bananas in North America, improved pricing in Asia bananas and higher sales of fresh pineapples in North America and Europe.

***Operating Income***

For the year ended January 1, 2011, operating income was \$193.7 million compared to \$351.7 million for the year ended January 2, 2010. Operating income for 2010 included a net benefit of \$5.2 million due to asset sale and unrealized hedging gains, compared to a net benefit of \$73.9 million for 2009 due to asset sale and unrealized hedging gains. Fresh fruit operating results decreased primarily as a result of lower banana and fresh pineapple earnings worldwide, as well as lower earnings in the European ripening and distribution businesses. Dole's banana earnings were impacted by lower sales in North America and higher product costs in North America and Europe, as well as lower banana pricing in Asia. Fresh fruit operating results were also impacted by \$32.7 million of restructuring and long-term receivables charges recorded in 2010. These factors were partially offset a \$27.3 million benefit from an arbitration settlement involving faulty manufactured containers sold to Dole. Fresh vegetables operating results increased primarily due to improved pricing, favorable product mix, and lower product costs in Dole's packaged salads business. Packaged foods operating results increased slightly due to higher earnings of FRUIT BOWLS and frozen fruit operations in North America and improved pricing for concentrate worldwide. This was partially offset by higher product and selling, marketing and general and administrative costs for worldwide packaged fruit. If foreign currency exchange rates in Dole's significant foreign operations during the year ended January 1, 2011 had remained unchanged from those experienced during the year ended January 2, 2010, Dole estimates that its operating income would have been lower by approximately \$4 million.

For the year ended January 2, 2010, operating income was \$351.7 million compared to \$274.6 million in 2008. Operating income in 2009 included a net benefit of \$73.9 million from gains on asset sales and unrealized hedging gains, compared to a net benefit of \$28.7 million in 2008 from gains on asset sales and net unrealized hedging gains. In addition, operating income in 2009 benefited from lower incentive compensation expense. In 2009, Dole's operating performance did not meet the minimum threshold for incentive payments under Dole's One-Year Management Incentive Plan. Packaged foods operating results increased primarily as a result of higher pricing, lower commodity costs (mainly fuel and plastic resin), lower shipping and distribution costs, lower levels of selling, general and administrative expenses and favorable foreign currency movements in Thailand and the Philippines. If foreign currency exchange rates in Dole's significant foreign operations during 2009 had remained unchanged from those experienced during 2008, Dole estimates that its operating income would have been lower by approximately \$31 million. Operating income in 2009 also included realized foreign currency transaction gains of \$7 million and realized foreign currency hedge losses of \$2 million. These improvements were partially offset by a decrease in fresh fruit operating income primarily due to lower earnings in the North America and Asia banana operations and European ripening and distribution business. North America banana earnings were impacted by higher product costs

as a result of adverse weather conditions in Latin America. European ripening and distribution business earnings were lower due to lower sales and unfavorable euro foreign currency exchange movements. Lower fresh fruit operating income was partially offset by improved earnings in the Chilean deciduous fruit and Asia fresh pineapple businesses. Fresh vegetables operating results were relatively unchanged as improved performance in the

## **Table of Contents**

fresh-packed vegetables business was offset by lower earnings in the packaged salads operations resulting from higher levels of marketing expenditures.

### ***Other Income (Expense), Net***

Other income (expense), net was expense of \$63.6 million in 2010 compared to expense of \$24.7 million in 2009. The change was due to an increase in unrealized losses of \$46.2 million on Dole's cross currency swap and an increase in unrealized losses of \$1.2 million on Dole's foreign denominated borrowings. These factors were partially offset by an increase in the foreign currency exchange gain on Dole's British pound sterling denominated vessel obligation ( vessel obligation ) of \$9 million.

Other income (expense), net was expense of \$24.7 million in 2009 compared to expense of \$14.1 million in 2008. The change was due to an increase in the unrealized foreign currency exchange loss on Dole's vessel obligation of \$27.6 million, a \$5 million increase in debt issuance costs written off primarily associated with the March 2009 amendment of Dole's senior secured credit facilities, and a \$5 million increase in realized losses from foreign denominated borrowings. These factors were partially offset by a decrease in unrealized losses generated on Dole's cross currency swap of \$29.4 million.

The unrealized losses incurred during 2010 on Dole's cross currency swap resulted from the Japanese yen strengthening against the U.S. dollar by 12%. The value of the cross currency swap will continue to fluctuate based on changes in the exchange rate and market interest rates until maturity in June 2011. Dole is exploring alternatives related to the maturity, and expects to enter into a transaction to unwind the swap through the sale of a future stream of Japanese yen cash flows without any upfront cash payment.

### ***Interest Expense***

Interest expense for the year ended January 1, 2011 was \$164 million compared to \$205.7 million in 2009. The decrease was primarily due to debt reduction due in part to Dole's October 2009 initial public offering. In addition, interest expense benefitted from lower effective borrowing rates related to Dole's March 2010 senior secured credit facilities amendments.

Interest expense for the year ended January 2, 2010 was \$205.7 million compared to \$174.5 million in 2008. The increase was primarily due to higher borrowing rates resulting from Dole's March 2009 refinancing transactions.

### ***Income Taxes***

Dole recorded income tax expense of \$13.4 million on \$27.7 million of losses from continuing operations before income taxes for the year ended January 1, 2011, reflecting a (48.3%) effective tax rate for the year. Income tax expense decreased \$9.3 million in 2010 compared to 2009 due primarily to lower earnings generated in certain foreign jurisdictions. The effective tax rate in 2009 was 23.2%. Dole's effective tax rate varies significantly from period to period due to the level, mix and seasonality of earnings generated in its various U.S. and foreign jurisdictions. For 2010, Dole's income tax provision differs from the U.S. federal statutory rate applied to Dole's pre-tax losses due to losses in certain foreign jurisdictions for which it is more likely than not that a tax benefit will not be realized which is partially offset by the reduction in Dole's liability for unrecognized tax benefits, primarily attributable to the lapse of the statute of limitations relating to a state unrecognized tax benefit.

Income tax expense for the fiscal year 2009 increased by \$71 million compared to 2008 due primarily to the favorable 2008 settlement of the federal income tax audit for the years 1995 to 2001. The effective tax rate in 2008 was (51.9%). For 2009, Dole's income tax provision differs from the U.S. federal statutory rate applied to Dole's pre-tax income



primarily due to operations in foreign jurisdictions that are taxed at a rate lower than the U.S. federal statutory rate. For 2008, Dole's income tax provision differed from the U.S. federal statutory rate applied to Dole's pretax income due to the settlement of the federal income tax audit and operations in foreign jurisdictions that were taxed at a rate lower than the U.S. federal statutory rate, offset by the accrual for uncertain tax positions.

As of January 1, 2011, Dole has not provided for U.S. federal income and foreign withholding taxes on approximately \$2.3 billion of the excess of the amount for financial reporting over the tax basis of investments that

**Table of Contents**

are essentially permanent in duration. Management believes that such excess at January 1, 2011 will remain indefinitely invested at this time. Although management believes that cash generated by its U.S. operations combined with accumulated previously taxed income will be sufficient to fund U.S. cash flow requirements in 2011, if significant differences arise between Dole's anticipated and actual earnings estimates and cash flow requirements, Dole may be required to provide U.S. federal income tax and foreign withholding taxes on a portion of its anticipated fiscal 2011 foreign earnings. As a result, Dole's overall effective tax rate may increase in fiscal 2011 versus the effective tax rate experienced in previous years.

Dole had federal deferred tax assets totaling \$201 million at January 1, 2011 for which valuation allowances of approximately \$54 million have been established. If additional U.S. losses are experienced by Dole, further valuation allowances will be required. The establishment of such valuation allowances would, all else being equal, result in increases to Dole's effective tax rate in the periods recorded.

*Internal Revenue Service Audit:* On August 27, 2009, the IRS completed its examination of Dole's U.S. federal income tax returns for the years 2002-2005 and issued a Revenue Agent's report (RAR) that includes various proposed adjustments, including with respect to the 2003 going-private merger transactions. The IRS is proposing that funding used in the going-private merger is taxable and that some related investment banking fees are not deductible. The net tax deficiency associated with the RAR is \$122 million, plus interest. On October 27, 2009, Dole filed a protest letter vigorously challenging the proposed adjustments contained in the RAR and is pursuing resolution of these issues with the Appeals Division of the IRS. Dole believes, based in part upon the advice of its tax advisors, that its tax treatment of such transactions was appropriate. Although the timing and ultimate resolution of any issues arising from the IRS examination are uncertain and are subject to settlement on mutually agreeable terms at any time, at this time Dole believes it is reasonably possible that the total amount of unrecognized tax benefits could decrease by approximately \$10 million to \$40 million within the next twelve months, of which a portion may result in a cash payment.

The Worker, Homeownership, and Business Assistance Act of 2009 signed into law on November 6, 2009, allows companies to carry back net operating losses for up to five years for losses incurred in taxable years beginning or ending in either 2008 or 2009. Dole estimates that this law effectively reduces the amount of the IRS claim from \$122 million to \$91 million. As noted, however, Dole is pursuing its objection to the proposed adjustments in the RAR.

There was no material impact to Dole's current or deferred income taxes from legislation enacted in 2010; specifically, the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act, Education Jobs and Medicaid Assistance Act, Patient Protection and Affordable Care Act, and the Health Care and Education Reconciliation Act.

Refer to Note 7 of the Consolidated Financial Statements for additional information about Dole's income taxes.

***Earnings from Equity Method Investments***

Earnings from equity method investments for the year ended January 1, 2011 decreased to \$7.4 million from \$10.1 million in 2009. The decrease was primarily related to lower earnings generated by Compagnie Financière de Participations (CF), a company in which Dole holds a non-controlling 40% ownership interest. Lower earnings generated by CF were due in part to lower pricing in markets to which they sell.

Earnings from equity method investments for the year ended January 2, 2010 increased to \$10.1 million from \$6.4 million in 2008. The increase was primarily related to higher earnings generated by CF. Higher earnings generated by CF were due in part to its purchase of Dole's JP Fresh and Dole France subsidiaries during the fourth quarter of 2008.

Historically equity earnings from CF have not been as significant to Dole as that experienced during fiscal 2009 and 2010.

**Table of Contents****Segment Results of Operations**

Dole has three reportable operating segments: fresh fruit, fresh vegetables and packaged foods. These reportable segments are managed separately due to differences in their products, production processes, distribution channels and customer bases.

Dole's management evaluates and monitors segment performance primarily through earnings before interest expense and income taxes ( EBIT ). EBIT is calculated by adding interest expense and income taxes to income (loss) from continuing operations, net of income taxes. Management believes that segment EBIT provides useful information for analyzing the underlying business results as well as allowing investors a means to evaluate the financial results of each segment in relation to Dole as a whole. EBIT is not defined under U.S. GAAP and should not be considered in isolation or as a substitute for net income measures prepared in accordance with U.S. GAAP or as a measure of Dole's profitability. Additionally, Dole's computation of EBIT may not be comparable to other similarly titled measures computed by other companies, because not all companies calculate EBIT in the same fashion.

In the tables below, revenues from external customers and EBIT reflect only the results from continuing operations.

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
Revenues from external customers:			
Fresh fruit	\$ 4,715,468	\$ 4,710,924	\$ 5,401,145
Fresh vegetables	1,055,066	1,024,526	1,086,888
Packaged foods	1,121,417	1,041,853	1,130,791
Corporate	663	1,218	1,128
	<b>\$ 6,892,614</b>	<b>\$ 6,778,521</b>	<b>\$ 7,619,952</b>
EBIT:			
Fresh fruit	\$ 122,091	\$ 305,353	\$ 305,765
Fresh vegetables	29,930	9,359	1,100
Packaged foods	106,960	105,491	70,984
Total operating segments	258,981	420,203	377,849
Corporate:			
Unrealized loss on cross currency swap	(67,257)	(21,051)	(50,411)
Unrealized loss on foreign denominated instruments	(3,173)	(612)	(1,119)
Debt retirement costs in connection with initial public offering		(30,551)	
Operating and other expenses	(44,959)	(54,504)	(52,924)
Total Corporate	(115,389)	(106,718)	(104,454)
Interest expense	(163,950)	(205,715)	(174,485)
Income taxes	(13,394)	(22,684)	48,015
Income (loss) from continuing operations, net of income taxes	<b>\$ (33,752)</b>	<b>\$ 85,086</b>	<b>\$ 146,925</b>

***2010 Compared with 2009***

*Fresh Fruit:* Fresh fruit revenues in 2010 increased slightly from revenues in 2009. Excluding fiscal 2009 box plant sales of \$110 million, fresh fruit revenues increased \$114.5 million. Banana sales increased as a result of higher volumes sold in Asia partially offset by lower volumes sold in North America and Europe as well as lower pricing in Asia. European ripening and distribution revenues increased \$33 million primarily as a result of higher local pricing, higher volumes sold in Germany and Italy and favorable Swedish krona foreign currency exchange movement, partially offset by unfavorable euro foreign currency exchange movements. Revenues also increased due to higher sales of citrus and other fresh fruit in Asia. Chilean deciduous fruit revenues increased primarily as a

**Table of Contents**

result of improved pricing and higher volumes. Net favorable foreign currency exchange movements in Dole's foreign selling locations resulted in higher revenues of approximately \$18 million during 2010.

Dole's fresh fruit segment EBIT is significantly impacted by certain items, which are included in the table below:

	<b>2010</b>	<b>2009</b>
	<b>(In thousands)</b>	
Fresh fruit products	\$ 121,985	\$ 248,583
Charges for restructuring and long-term receivables	(32,748)	
Gain on arbitration settlement, net	27,271	
Unrealized gain (loss) on foreign currency and fuel hedges	(47)	11,924
Foreign currency exchange gain (loss) on vessel obligations	2,677	(6,326)
Net unrealized gain (loss) on foreign denominated instruments	(64)	8
Gains on asset sales	3,017	51,164
<b>Total Fresh fruit EBIT</b>	<b>\$ 122,091</b>	<b>\$ 305,353</b>

Fresh fruit EBIT in 2010 decreased to \$122.1 million from \$305.4 million in 2009. Fresh fruit products earnings in 2010 decreased to \$122 million from \$248.6 million in 2009. Banana EBIT in 2010 was lower primarily due to higher fruit costs in North America and Europe and lower local pricing in Europe and Asia. Higher fruit costs resulted from increased contract prices from Latin American growers and higher production costs from company-owned farms as adverse weather conditions in Latin America impacted banana production yields. Lower EBIT was reported in the European ripening and distribution business primarily due to higher product costs and lower earnings generated from Dole's equity method investments. Fresh pineapple EBIT decreased worldwide primarily as a result of higher fruit and shipping costs. Fresh fruit EBIT benefitted \$15 million from lower distribution costs as a result of the 2010 EU banana tariff settlement agreements. Any benefit to EBIT from the tariff agreement in the future will be dependent on a number of market factors including volumes and local pricing. If foreign currency exchange rates in Dole's significant fresh fruit foreign operations during 2010 had remained unchanged from those experienced during 2009, Dole estimates that fresh fruit EBIT would have been lower by \$13 million. Fresh fruit EBIT in 2010 included realized foreign currency transaction losses of \$4 million and realized foreign currency hedges gains of \$4 million.

*Fresh Vegetables:* Fresh vegetables revenues for 2010 increased 3% to \$1.06 billion from \$1.02 billion in 2009. Higher revenues in the packaged salads business resulted from a favorable change in product mix due to a shift in sales from lower to higher priced products, improved volumes and higher pricing. Revenues in the Asia fresh-packed vegetable business increased primarily due to higher volumes sold and favorable Japanese yen foreign currency exchange movements. North America fresh-packed vegetables revenues decreased slightly as lower pricing of iceberg and romaine lettuce was partially offset by higher sales of strawberries.

Fresh vegetables EBIT for 2010 increased to \$30 million from \$9.4 million in 2009. EBIT in 2009 benefitted from a gain of \$9.2 million from the sale of vegetable property in California. EBIT excluding the gain increased \$29.8 million primarily due to favorable product mix, improved pricing, lower raw material costs, and continued production efficiencies in Dole's packaged salads business. In addition, packaged salads EBIT benefitted from a \$5.3 million settlement with a fresh vegetables supplier. Fresh-packed vegetables business EBIT for 2010 was comparable to 2009.

*Packaged Foods:* Packaged foods revenues for 2010 increased 8% to \$1.12 billion from \$1.04 billion in 2009. Revenues increased primarily due to higher volumes of packaged fruit sold worldwide and frozen fruit sold in North America. In addition, revenue benefited from higher sales of concentrate worldwide and FRUIT BOWLS® in North America. Packaged foods volumes grew in part due to the introduction of new products worldwide including fruit crisps and fruit bites in North America and mandarin oranges in Asia. Net favorable foreign currency exchange movements in Dole's foreign selling locations resulted in higher revenues of approximately \$8 million during the year ended January 1, 2011.

**Table of Contents**

Packaged foods EBIT for 2010 increased to \$107 million from \$105.5 million in 2009. The increase in EBIT was primarily due to higher volumes and pricing of FRUIT BOWLS sold in North America, higher pricing of concentrate worldwide and lower product costs in Dole's frozen fruit operations. These factors were partially offset by higher selling, marketing and general and administrative expenses. In addition, EBIT was impacted by higher product costs in the packaged fruit business as a result of higher commodity costs (tinplate, sugar, and fuel) and unfavorable foreign currency exchange movements in Thailand and the Philippines, where product is sourced. If foreign currency exchange rates in Dole's packaged foods foreign operations during 2010 had remained unchanged from those experienced during 2009, Dole estimates that packaged foods EBIT would have been higher by approximately \$9 million.

*Corporate:* Corporate EBIT includes general and administrative costs not allocated to the operating segments. Corporate EBIT in 2010 was a loss of \$115.4 million compared to a loss of \$106.7 million in 2009. The change in EBIT was primarily due to an increase in unrealized losses of \$46.2 million generated on Dole's cross currency swap, partially offset by the absence of \$30.6 million of debt retirement costs incurred in connection with Dole's 2009 IPO, and lower general and administrative expenses.

**2009 Compared with 2008**

*Fresh Fruit:* Fresh fruit revenues in 2009 decreased 13% to \$4.7 billion from \$5.4 billion in 2008. Excluding 2008 sales from Dole's divested businesses in the European ripening and distribution operations of \$382 million and the additional week of revenues generated in 2008 of \$75 million, fresh fruit revenues decreased 5%. European ripening and distribution revenues from businesses not divested decreased \$254 million during 2009 primarily as a result of unfavorable euro and Swedish krona foreign currency exchange movements and lower volumes sold in Germany and Sweden. Banana sales were relatively unchanged as higher sales of bananas in North America and Asia, resulting from improved pricing, were offset by lower sales in Europe due to planned volume reductions. The reductions in volumes were in anticipation of lower pricing as a result of significant availability of product in the market. Fresh pineapples sales increased \$11 million mainly due to higher volumes sold in North America and Europe. Chilean deciduous fruit sales decreased \$44 million primarily due to lower pricing and lower carton plant sales. Net unfavorable foreign currency exchange movements in Dole's foreign selling locations resulted in lower revenues of approximately \$102 million during 2009.

Dole's fresh fruit segment EBIT is significantly impacted by certain items, which are included in the table below:

	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>	
Fresh fruit products	\$ 248,583	\$ 255,670
Unrealized gain (loss) on foreign currency and fuel hedges	11,924	(251)
Foreign currency exchange gain (loss) on vessel obligations	(6,326)	21,300
Net unrealized gain on foreign denominated instruments	8	3,583
Gains on asset sales	51,164	25,463
<b>Total Fresh fruit EBIT</b>	<b>\$ 305,353</b>	<b>\$ 305,765</b>

Fresh fruit EBIT for 2009 was comparable to 2008. Banana EBIT decreased primarily due to lower earnings in Dole's North America and Asia banana operations resulting from higher fruit costs. Adverse weather conditions in Latin America early in the year impacted banana production yields. The decrease was partially offset by improved earnings



in the European banana business due to lower shipping and distribution costs. The Chilean deciduous fruit operations had higher earnings as a result of lower product costs. EBIT in the Asia fresh pineapple business also increased as a result of lower product and shipping costs. Lower EBIT was reported in the European ripening and distribution business primarily due to lower sales volumes and unfavorable euro foreign currency exchange movements. If foreign currency exchange rates in Dole's significant fresh fruit foreign operations during 2009 had remained unchanged from those experienced during 2008, Dole estimates that fresh fruit EBIT would have been lower by approximately \$19 million. Fresh fruit EBIT in 2009 included realized foreign currency transaction gains of \$5 million and realized foreign currency hedge losses of \$2 million.

## **Table of Contents**

*Fresh Vegetables:* Fresh vegetables revenues for 2009 decreased 6% to \$1.02 billion from \$1.09 billion in 2008. Revenues in the packaged salads business decreased primarily due to lower sales volumes, lower fuel and transportation related surcharges and a shift in sales from higher to lower priced products. Lower sales in the North America fresh-packed vegetables business resulted from lower sales volumes of its major product lines.

Fresh vegetables EBIT for 2009 increased to \$9.4 million compared to \$1.1 million in 2008. EBIT in 2009 benefited from a gain of \$9.2 million from the sale of vegetable property in California. EBIT in 2008 benefited from workers compensation accrual adjustments of \$9 million. EBIT excluding these factors increased by \$8.1 million as a result of improved pricing and lower harvesting and growing costs in the North America fresh-packed vegetables business. Packaged salads EBIT was lower primarily due to higher marketing expenditures of \$14 million associated with product re-launching efforts to reinvigorate the category. These factors were partially offset by improved plant and network efficiencies.

*Packaged Foods:* Packaged foods revenues for 2009 decreased 8% to \$1.04 billion from \$1.13 billion in 2008. Revenues decreased primarily due to lower volumes sold worldwide. Lower volumes were due in part to a contraction in the packaged fruit category and price increases. Net unfavorable foreign currency exchange movements in Dole's foreign selling locations contributed to lower revenues of approximately \$7 million during 2009.

Packaged foods EBIT in 2009 increased to \$105.5 million from \$71 million in 2008. The increase in EBIT was attributable to improved pricing, lower shipping and distribution costs and lower selling, general and administrative expenses. EBIT benefited from lower commodity costs (fuel and plastic resins) as well as favorable foreign currency movements in Thailand and the Philippines, where products are sourced. If foreign currency exchange rates in Dole's packaged foods foreign operations during 2009 had remained unchanged from those experienced during 2008, Dole estimates that packaged foods EBIT would have been lower by approximately \$12 million. Packaged foods EBIT in 2009 also included realized foreign currency transaction gains of \$2 million.

*Corporate:* Corporate EBIT includes general and administrative costs not allocated to the operating segments. Corporate EBIT in 2009 was a loss of \$106.7 million compared to a loss of \$104.5 million in 2008. EBIT includes \$30.6 million of debt retirement costs incurred in connection with Dole's IPO and a \$5 million increase in debt issuance costs written off primarily associated with the March 2009 amendment of Dole's senior secured credit facilities. These decreases were partially offset by a reduction in unrealized losses generated on Dole's cross currency swap of \$29.4 million and lower general and administrative expenses.

## **Discontinued Operations**

During the second quarter of 2008, Dole approved and committed to a formal plan to divest its fresh-cut flowers business. During the first quarter of 2009, the operations and the majority of the related assets of this business were sold. During the third quarter of 2010, Dole sold a building and a farm located in Colombia to the buyer of Dole's fresh-cut flowers business. In addition, Dole recorded a \$1.2 million write-down during 2010 related to land in Colombia.

During the fourth quarter of 2007, Dole approved and committed to a formal plan to divest its citrus and pistachio operations ( Citrus ) located in central California. Prior to the fourth quarter of 2007, the operating results of Citrus were included in the fresh fruit operating segment. The Citrus sale closed during the third quarter of 2008 and Dole received net cash proceeds of \$44 million. As the assets of Citrus were held by non-wholly owned subsidiaries of Dole, Dole's share of the proceeds was \$28.1 million. The results of operations of these businesses have been classified as discontinued operations for all periods presented.



**Table of Contents**

The operating results of fresh-cut flowers and Citrus for fiscal 2010, 2009 and 2008 are reported in the following table:

	<b>Fresh-Cut Flowers</b>	<b>Citrus (In thousands)</b>	<b>Total</b>
<i>2010</i>			
Revenues	\$ 1,347	\$	\$ 1,347
Income before income taxes	\$ 790	\$	\$ 790
Income taxes	(161)		(161)
Income from discontinued operations, net of income taxes	\$ 629	\$	\$ 629
Gain on disposal of discontinued operations, net of income taxes	\$ 2,957	\$	\$ 2,957
<i>2009</i>			
Revenues	\$ 4,154	\$	\$ 4,154
Income before income taxes	\$ 1,160	\$	\$ 1,160
Income taxes	479		479
Income from discontinued operations, net of income taxes	\$ 1,639	\$	\$ 1,639
Gain on disposal of discontinued operations, net of income taxes	\$ 1,308	\$	\$ 1,308
<i>2008</i>			
Revenues	\$ 106,919	\$ 5,567	\$ 112,486
Loss before income taxes	\$ (43,235)	\$ (1,408)	\$ (44,643)
Income taxes	16,936	316	17,252
Loss from discontinued operations, net of income taxes	\$ (26,299)	\$ (1,092)	\$ (27,391)
Gain on disposal of discontinued operations, net of income taxes	\$	\$ 3,315	\$ 3,315

***Fresh-Cut Flowers***

*2009 Compared with 2008:* Fresh-cut flowers income before income taxes in 2009 increased to \$1.2 million compared to a loss of \$43.2 million in 2008. As a result of the January 16, 2009 sale of the operating assets of the flowers business, fresh-cut flowers operating results for 2009 consisted of only two weeks of operations compared to fifty-three weeks during 2008. In connection with the sale, Dole received cash proceeds of \$21 million and recorded a note receivable of \$8.3 million, which was due January 2011. Dole is currently renegotiating with the buyer the terms of the note, including the timing of payment and the interest rate. Dole recorded a gain of \$1.3 million on the sale.



**Table of Contents****Liquidity and Capital Resources****CASH REQUIREMENTS:**

The following table summarizes Dole's contractual obligations and commitments at January 1, 2011:

	<b>Payments Due by Period</b>				<b>Total</b>
	<b>Less Than 1 Year</b>	<b>1-2 Years</b>	<b>3-4 Years (In thousands)</b>	<b>After 4 Years</b>	
Contractual obligations:					
Fixed rate debt	\$ 888	\$ 159,125	\$ 230,814	\$ 315,680	\$ 706,507
Variable rate debt	8,361	16,722	16,722	788,024	829,829
Notes payable	31,922				31,922
Capital lease obligations	3,021	6,793	6,523	43,215	59,552
Cross currency swap	130,380				130,380
Non-cancelable operating lease commitments	159,362	175,968	54,940	77,806	468,076
Purchase obligations	784,505	809,797	222,391	63,446	1,880,139
Minimum required pension funding	28,092	51,492	45,140	79,335	204,059
Postretirement benefit payments	4,051	7,826	7,474	15,959	35,310
Interest payments on fixed and variable rate debt	119,098	221,420	142,314	5,877	488,709
<b>Total contractual cash obligations</b>	<b>\$ 1,269,680</b>	<b>\$ 1,449,143</b>	<b>\$ 726,318</b>	<b>\$ 1,389,342</b>	<b>\$ 4,834,483</b>

*Short-Term Borrowings:* Dole's short term debt borrowings consist primarily of notes payables to finance current operations. The terms of these borrowings range from one month to three months. Dole's notes payable at January 1, 2011 consist primarily of foreign borrowings in Asia and Latin America. The notes payable balance did not fluctuate significantly during the fiscal year. The weighted average interest rate on notes payable was 3.5% at January 1, 2011.

*Long-Term Debt:* Details of amounts included in long-term debt can be found in Note 12 of the Consolidated Financial Statements. The table assumes that long-term debt is held to maturity. The variable rate maturities include amounts payable under Dole's senior secured credit facilities.

*Capital Lease Obligations:* Dole's capital lease obligations include \$57 million related to two vessel leases. The obligations under these leases, which continue through 2026, are denominated in British pound sterling. The lease obligations are presented in U.S. dollars at the exchange rate in effect on January 1, 2011 and therefore will continue to fluctuate based on changes in the exchange rate.

*Operating Lease Commitments:* Dole has obligations under cancelable and non-cancelable operating leases, primarily for land, machinery and equipment, vessels and containers and office and warehouse facilities. The leased assets are used in Dole's operations where leasing offers advantages of operating flexibility and is less expensive than alternate types of funding. A significant portion of Dole's operating lease payments are fixed. Lease payments are charged to operations, primarily through cost of products sold. Total rental expense, including rent related to cancelable and non-cancelable leases, was \$185.9 million, \$199.6 million and \$204.2 million (net of sublease income of

\$16.3 million, \$14.7 million and \$17.1 million) for 2010, 2009 and 2008, respectively.

Dole and Castle and Cooke, Inc. are parties to a corporate aircraft lease agreement in which the parties are responsible for 68% and 32%, respectively, of all obligations. The corporate aircraft lease agreement includes a residual value guarantee of up to \$7 million of which Dole's share is \$4.8 million at the termination of the lease in 2018. Dole does not currently anticipate any future payments related to this residual value guarantee.

*Cross Currency Swap:* As of January 1, 2011 Dole's cross currency swap had a liability of \$130.4 million. The cross currency swap matures in June 2011 at which time the liability will come due. Dole is exploring

**Table of Contents**

alternatives related to the maturity, and expects to enter into a transaction to unwind the swap through the sale of a future stream of Japanese yen cash flows without any upfront cash payment.

*Purchase Obligations:* In order to secure sufficient product to meet demand and to supplement Dole's own production, Dole enters into non-cancelable agreements with independent growers, primarily in Latin America and North America, to purchase substantially all of their production subject to market demand and product quality. Prices under these agreements are generally tied to prevailing market rates and contract terms range from one to ten years. Total purchases under these agreements were \$637.3 million, \$563.1 million and \$658.8 million for 2010, 2009 and 2008, respectively.

In order to ensure a steady supply of packing supplies and to maximize volume incentive rebates, Dole enters into contracts for the purchase of packing supplies; some of these contracts run through 2013. Prices under these agreements are generally tied to prevailing market rates. Purchases under these contracts for 2010, 2009 and 2008 were approximately \$190.4 million, \$168.9 million and \$292.6 million, respectively.

*Interest Payments on Fixed and Variable Rate Debt:* Commitments for interest expense on debt, including capital lease obligations, were determined based on anticipated annual average debt balances, after factoring in mandatory debt repayments. Interest expense on variable-rate debt has been based on the prevailing interest rates at January 1, 2011. For the secured term loan facilities, interest payments reflect the impact of both the interest rate swap and cross currency swap. No interest payments were calculated on the notes payable due to the short term nature of these instruments. As of January 1, 2011, the secured and unsecured notes and debentures as well as the secured term loans and revolving credit facility will mature at various times between 2013 and 2017. See Page 37 Recent Transactions Affecting Liquidity and Capital Resources.

*Other Obligations and Commitments:* Dole has obligations with respect to its pension and other postretirement benefit (OPRB) plans. During 2010, Dole contributed \$12.3 million to its qualified U.S. pension plan. These contributions were made to comply with minimum funding requirements under the Internal Revenue Code as amended by the Pension Protection Act of 2006. Dole expects to contribute \$15.3 million to its U.S. qualified plan during 2011. Dole also has nonqualified U.S. and international pension and OPRB plans. During 2010, Dole made payments of \$27.1 million related to these pension and OPRB plans. Dole expects to make payments of \$16.8 million related to these plans in 2011. The table includes pension and other postretirement payments through 2020. See Note 13 to the Consolidated Financial Statements.

Dole has numerous collective bargaining agreements with various unions covering approximately 37% of Dole's hourly full-time and seasonal employees. Of the unionized employees, 50% are covered under collective bargaining agreements that will expire within one year and the remaining 50% are covered under collective bargaining agreements expiring beyond the upcoming year. These agreements are subject to periodic negotiation and renewal. Failure to renew any of these collective bargaining agreements may result in a strike or work stoppage; however management does not expect that the outcome of these negotiations and renewals will have a material adverse impact on Dole's financial condition or results of operations.

Dole had approximately \$132 million of total gross unrecognized tax benefits, including interest and penalties at January 1, 2011. The timing of any payments which could result from these unrecognized tax benefits will depend on a number of factors. Although the amount and timing of any future payments is uncertain, Dole believes it is reasonably possible that the total amount of unrecognized tax benefits could decrease by approximately \$10 million to \$40 million within the next twelve months, of which a portion may result in a cash payment. See Note 7 to the Consolidated Financial Statements.





**Table of Contents****SOURCES AND USES OF CASH:**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
Cash flow provided by (used in):			
Operating activities	\$ 147,639	\$ 282,952	\$ 44,563
Investing activities	(69,917)	84,405	141,142
Financing activities	(29,371)	(340,695)	(185,520)
Foreign currency impact	2,126	2,179	(6,417)
Increase (decrease) in cash	\$ 50,477	\$ 28,841	\$ (6,232)

**Overview**

As of January 1, 2011, Dole had a cash balance of \$170 million and an ABL revolver borrowing base of \$254.2 million. After taking into account approximately \$141 million of outstanding letters of credit issued under the ABL revolver, Dole had approximately \$113.2 million available for borrowings as of January 1, 2011. The ABL revolver is secured by and is subject to a borrowing base consisting of up to 85% of eligible accounts receivable plus a predetermined percentage of eligible inventory, as defined in the credit facility. During the third quarter of 2010, Dole's \$100 million pre-funded letter of credit facility expired and all of the outstanding letters of credit and bank guarantees were transferred to Dole's ABL revolver. Dole entered into a \$45 million (\$59.8 million) letter of credit facility during the third quarter of 2010 to support the bank guaranty issued in the same amount for the 2009 European Commission fine.

At January 1, 2011, Dole had total outstanding long-term borrowings of \$1.56 billion, consisting primarily of \$155 million of unsecured debentures due 2013 and \$1.41 billion of secured debt (consisting primarily of notes, net of debt discount, term loan facilities and capital lease obligations). Amounts outstanding under the term loan facilities were \$829.8 million at January 1, 2011.

The ABL revolver and term loan facilities are collateralized by substantially all of our tangible and intangible assets, including certain capital stock of our subsidiaries, but excluding certain intercompany debt, certain equity interests and each of our U.S. manufacturing plants and processing facilities that has a net book value exceeding 1% of our net tangible assets.

In addition to amounts available under the revolving credit facility, Dole's subsidiaries have uncommitted lines of credit of approximately \$126.3 million at various local banks, of which \$90.6 million was available at January 1, 2011. These lines of credit are used primarily for short-term borrowings, foreign currency exchange settlement and the issuance of letters of credit or bank guarantees. Several of Dole's uncommitted lines of credit expire in 2011 while others do not have a commitment expiration date. These arrangements may be cancelled at any time by Dole or the banks. Dole's ability to utilize these lines of credit may be impacted by the terms of its senior secured credit facilities and bond indentures.

Dole's management believes that available borrowings under our revolving credit facility and subsidiaries uncommitted lines of credit, together with our existing cash balances, future cash flow from operations, planned asset sales and access to capital markets, will enable Dole to meet its working capital, capital expenditure, debt maturity and other commitments and funding requirements over the next twelve months. Dole management's plan is dependent

upon the occurrence of future events which will be impacted by a number of factors including the availability of refinancing, the general economic environment in which Dole operates, Dole's ability to generate cash flows from its operations, and Dole's ability to attract buyers for assets being marketed for sale. Factors impacting Dole's cash flow from operations include, but are not limited to, items such as commodity prices, interest rates and foreign currency exchange rates, among other things, as more fully set forth in Item 1A, Risk Factors, in this Form 10-K.

## **Table of Contents**

### **Cash Flows from Operating Activities**

Cash flows provided by operating activities were \$147.6 million in 2010 compared to cash flows provided by operating activities of \$283 million in the prior year. The change was primarily due to lower net income, higher receivables due in part to timing of collections, higher levels of inventory purchases and lower levels of accrued liabilities. These factors were partially offset by higher levels of accounts payable as well as \$32.5 million related to the container arbitration settlement and fresh vegetables supplier settlement. Cash flows provided by operations in 2009 were \$283 million compared to cash flows provided by operating activities of \$44.6 million in 2008. The improvement was primarily due to better working capital management. Improvement of working capital was due to significantly better collections of receivables and lower levels of raw materials and supplies inventory balances due in part to lower commodity costs.

### **Cash Flows from Investing Activities**

Cash flows used in investing activities were \$69.9 million in 2010 compared to cash flow provided by investing activities of \$84.4 million in the prior year. The change was mainly due to a decrease in cash proceeds received from the sale of assets of \$113.7 million and higher capital expenditures of \$36.2 million. Cash flows provided by investing activities decreased to \$84.4 million in 2009 from \$141.1 million in 2008. The decrease was mainly due to lower cash proceeds received from the sale of assets and \$23.3 million related to a collateral agreement associated with Dole's cross currency and interest rate swap instruments, partially offset by \$33.9 million of lower capital expenditures. Dole currently estimates that its 2011 capital additions will be approximately \$100 million.

### **Cash Flows from Financing Activities**

Cash flows used in financing activities decreased to \$29.4 million in 2010 from \$340.7 million in the prior year. The decrease was mainly due to \$284.5 million of lower debt repayments, net of borrowings compared to 2009, as well as lower dividend payments. Cash flows used in financing activities increased to \$340.7 million in 2009 from \$185.5 million in 2008. The increase was mainly due to \$478.9 million of higher debt repayments, net of borrowings compared to 2008. Cash proceeds received from the IPO and asset sales, together with operating cash flow improvements in 2009 allowed Dole to reduce its debt balances, including the \$85 million of debt assumed in connection with the IPO restructuring transactions.

*Dividends, Capital Contributions and Return of Capital:* During 2009, Dole declared and paid a dividend of \$15 million to its former parent, DHM Holding Company, Inc ( Holdings ). Dole's ability to declare and pay future dividends is subject to limitations contained in its senior secured credit facilities and bond indentures. At present, under such limitations, Dole could not declare or pay dividends exceeding \$25 million in the aggregate.

### **Recent Transactions Affecting Liquidity and Capital Resources**

*March 2010 Refinancing Transactions:* On March 2, 2010, Dole amended its senior secured credit facilities. The amendments, among other things: (i) reduce the applicable Eurodollar interest rate for the term loan facilities to LIBOR plus 3.25%, with a LIBOR floor of 1.75%, or the base rate plus 2.25%, (ii) for the revolving credit facility, leave interest rates on borrowed funds unchanged at a range of LIBOR plus 3.00% to 3.50% or the base rate plus 2.00% to 2.50%, with the rate at any time determined by the average historical borrowing availability; (iii) change the financial covenant metrics to a maximum total leverage ratio and a minimum interest coverage ratio; (iv) add greater operating and financial flexibility for Dole; and (v) provide for other technical and clarifying changes. The amended credit facilities provide \$850 million of term debt due 2017 and up to \$350 million of revolving debt due 2014.

On March 2, 2010, Dole called for redemption of all the remaining 8.875% 2011 Notes ( 2011 Notes ). On April 1, 2010, Dole redeemed the remaining \$70 million of the 2011 Notes outstanding with proceeds from the senior secured credit facilities amendments. The amendments and the related redemption of the 2011 Notes extended Dole s nearest maturities to 2013.

Refer to Note 12 of the Consolidated Financial Statements for additional details of Dole s outstanding debt.

**Table of Contents**

**Guarantees, Contingencies and Debt Covenants**

Dole is a guarantor of indebtedness of some of its key fruit suppliers and other entities integral to Dole's operations. At January 1, 2011, guarantees of \$2.2 million consisted primarily of amounts advanced under third-party bank agreements to independent growers that supply Dole with product. Dole had cash on deposit at January 1, 2011 of \$10.2 million securing the indebtedness of a fruit supplier. Dole has not historically experienced any significant losses associated with these guarantees.

Dole issues letters of credit and bank guarantees through its ABL revolver and, in addition, separately through major banking institutions. Dole also provides insurance company issued bonds. These letters of credit, bank guarantees and insurance company bonds are required by certain regulatory authorities, suppliers and other operating agreements. As of January 1, 2011, total letters of credit, bank guarantees and bonds outstanding under these arrangements were \$234.6 million, of which \$59.8 million was issued under Dole's European letter of credit facility.

Dole also provides various guarantees, mostly to foreign banks, in the course of its normal business operations to support the borrowings, leases and other obligations of its subsidiaries. Dole guaranteed \$237.9 million of its subsidiaries' obligations to their suppliers and other third parties as of January 1, 2011.

Dole has change of control agreements with certain key executives, under which severance payments and benefits would become payable in the event of specified terminations of employment following a change of control (as defined) of Dole. Refer to Item 11 of this Form 10-K, under the heading "Severance and Change of Control Arrangements" for additional information concerning the change of control agreements.

As disclosed in Note 19 to the Consolidated Financial Statements, Dole is subject to legal actions, most notably related to Dole's prior use of the agricultural chemical dibromochloropropane, or "DBCP". Although no assurance can be given concerning the outcome of these cases, in the opinion of management, after consultation with legal counsel and based on past experience defending and settling DBCP claims, the pending lawsuits are not expected to have a material adverse effect on Dole's business, financial condition or results of operations.

Provisions under the senior secured credit facilities and the indentures governing Dole's senior notes and debentures require Dole to comply with certain covenants. These covenants include limitations on, among other things, indebtedness, investments, loans to subsidiaries, employees and third parties, the issuance of guarantees and the payment of dividends. The ABL revolver also contains a springing covenant, which would not be effective unless the availability under the ABL revolver were to fall below the greater of \$37.5 million and 12.5% of the Total Commitment (as defined) for any three consecutive business days. To date, the springing covenant had never been effective and Dole does not currently anticipate that the springing covenant will become effective.

In addition, as a result of the March 2, 2010 amendments to Dole's senior secured credit facilities, Dole is subject to a maximum total leverage and a minimum interest coverage ratio. At January 1, 2011, Dole's total leverage ratio was 4.1x and interest coverage ratio was 2.44x as compared with the required maximum total leverage ratio of 4.75x and the minimum interest coverage ratio of 1.75x.

A breach of a covenant or other provision in any debt instrument governing our current or future indebtedness could result in a default under that instrument and, due to customary cross-default and cross-acceleration provisions, could result in a default under our other debt instruments. Upon the occurrence of an event of default under the senior secured credit facilities or some of our debt instruments, the lenders or holders of such other debt instruments could elect to declare all amounts outstanding to be immediately due and payable and terminate all commitments to extend further credit. If Dole were unable to repay those amounts, the lenders could proceed against the collateral granted to them, if any, to secure the indebtedness. If the lenders under Dole's current indebtedness were to accelerate the

payment of the indebtedness, Dole cannot give assurance that its assets would be sufficiently liquid to repay in full its outstanding indebtedness on an accelerated basis.

**Critical Accounting Policies and Estimates**

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that affect reported amounts. These estimates and assumptions are evaluated on an ongoing basis and

**Table of Contents**

are based on historical experience and on other factors that management believes are reasonable. Estimates and assumptions include, but are not limited to, the areas of customer and grower receivables, inventories, impairment of assets, useful lives of property, plant and equipment, intangible assets, marketing programs, income taxes, self-insurance reserves, retirement benefits, financial instruments and commitments and contingencies.

Dole's management believes that the following represent the areas where more critical estimates and assumptions are used in the preparation of the Consolidated Financial Statements. Refer to Note 2 of the Consolidated Financial Statements for a summary of Dole's significant accounting policies.

*Grower Advances:* Dole makes advances to third-party growers primarily in Latin America and Asia for various farming needs. Some of these advances are secured with property or other collateral owned by the growers. Dole monitors these receivables on a regular basis and records an allowance for these grower receivables based on estimates of the growers' ability to repay advances and the fair value of the collateral. These estimates require significant judgment because of the inherent risks and uncertainties underlying the growers' ability to repay these advances. These factors include weather-related phenomena, government-mandated fruit prices, market responses to industry volume pressures, grower competition, fluctuations in local interest rates, economic crises, security risks in developing countries, political instability, outbreak of plant disease, inconsistent or poor farming practices of growers, and foreign currency fluctuations. The aggregate amounts of grower advances made during fiscal years 2010, 2009 and 2008 were approximately \$169.5 million, \$185.3 million and \$170.7 million, respectively. Net grower advances receivable were \$48.6 million and \$48.6 million at January 1, 2011 and January 2, 2010, respectively.

*Long-Lived Assets:* Dole's long-lived assets consist of 1) property, plant and equipment and amortized intangibles and 2) goodwill and indefinite-lived intangible assets.

*1) Property, Plant and Equipment and Amortized Intangibles:* Dole depreciates property, plant and equipment and amortizes intangibles principally by the straight-line method over the estimated useful lives of these assets. Estimates of useful lives are based on the nature of the underlying assets as well as Dole's experience with similar assets and intended use. Estimates of useful lives can differ from actual useful lives due to the inherent uncertainty in making these estimates. This is particularly true for Dole's significant long-lived assets such as land improvements, buildings, farming machinery and equipment, vessels and containers and customer relationships. Factors such as the conditions in which the assets are used, availability of capital to replace assets, frequency of maintenance, changes in farming techniques and changes to customer relationships can influence the useful lives of these assets. Refer to Notes 10 and 11 of the Consolidated Financial Statements for a summary of useful lives by major asset category and for further details on Dole's intangible assets, respectively. Dole incurred depreciation expense from continuing operations of approximately \$110.4 million, \$115.8 million and \$133.4 million in 2010, 2009 and 2008, respectively, and amortization expense of approximately \$3.8 million, \$3.8 million and \$4.3 million in fiscal 2010, 2009 and 2008.

Dole's management reviews property, plant and equipment and amortizable intangibles to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an evaluation of recoverability is required, the estimated total undiscounted future cash flows directly associated with the asset is compared to the asset's carrying amount. If this comparison indicates that there is an impairment, the amount of the impairment is calculated by comparing the carrying value to the discounted future cash flows expected to result from the use of the asset and its eventual disposition or comparable market values, depending on the nature of the asset. Changes in commodity pricing, weather-related phenomena and other market conditions are events that have historically caused Dole's management to assess the carrying amount of its long-lived assets.

*2) Goodwill and Indefinite-Lived Intangible Assets:* Dole's indefinite-lived intangible assets consist of the DOLÉ® brand trade name, with a carrying value of \$689.6 million. In determining whether intangible assets have indefinite lives, Dole's management considers the expected use of the asset, legal or contractual provisions that may limit the life



of the asset, length of time the intangible has been in existence, as well as competitive, industry and economic factors. The determination as to whether an intangible asset is indefinite-lived or amortizable could have a significant impact on Dole's consolidated statement of operations in the form of amortization expense and potential future impairment charges.

**Table of Contents**

Goodwill and indefinite-lived intangible assets are tested for impairment annually during the second fiscal quarter and whenever events or circumstances indicate that an impairment may have occurred. Indefinite-lived intangibles are tested for impairment by comparing the fair value of the asset to the carrying value.

Goodwill is tested for impairment by comparing the fair value of a reporting unit with its net book value including goodwill. Fair values of reporting units are determined based on discounted cash flows, market multiples or appraised values, as appropriate, which requires making estimates and assumptions including pricing and volumes, industry growth rates, future business plans, profitability, tax rates and discount rates. If the fair value of the reporting unit exceeds its carrying amount, then goodwill of that reporting unit is not considered to be impaired. If the carrying amount of the reporting unit exceeds its fair value, then the implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination is determined. An impairment loss is recognized if the implied fair value of goodwill is less than its carrying amount. Changes to assumptions and estimates can significantly impact the fair values determined for reporting units and the implied value of goodwill, and consequently can impact whether or not an impairment charge is recognized, and if recognized, the size thereof. Dole's management believes that the assumptions used in the annual impairment review are appropriate.

During the fourth quarter of 2010, Dole performed an interim impairment test of its Fresh Fruit reporting unit which was triggered by a decline in its operating results. Dole tested approximately \$275 million of goodwill that is allocated to this reporting unit, and the results of this test indicated that the fair value of the reporting unit exceeded its book value by more than 10%. While Dole believes that its goodwill was not impaired at January 1, 2011, Dole will continue to closely monitor its market capitalization, along with other operational performance measures and general economic conditions, for indicators of impairment of Dole's goodwill.

*Income Taxes:* Deferred income taxes are recognized for the income tax effect of temporary differences between financial statement carrying amounts and the income tax bases of assets and liabilities. Dole's provision for income taxes is based on domestic and international statutory income tax rates in the jurisdictions in which it operates. Dole regularly reviews its deferred income tax assets to determine whether future taxable income will be sufficient to realize the benefits of these assets. A valuation allowance is provided for deferred income tax assets for which it is deemed more likely than not that future taxable income will not be sufficient to realize the related income tax benefits from these assets. In making such determination, Dole's management considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In the event it is determined that Dole will not be able to realize its net deferred tax assets in the future, Dole will reduce such amounts through a charge to income in the period such determination is made. Conversely, if it is determined that Dole will be able to realize deferred tax assets in excess of the carrying amounts, Dole will decrease the recorded valuation allowance through a credit to income in the period that such determination is made.

At January 1, 2011, management's estimates of future taxable income to recover its existing U.S. federal deferred tax assets totaling approximately \$201 million are principally related to the realization of income on appreciated non-core assets, including income to be generated from the reversal of the related existing taxable temporary differences upon the sale of such assets. Although Dole's management currently believes it will be able to sell such assets in amounts sufficient to realize its U.S. federal deferred tax assets, the ultimate sale prices for such assets are dependent on future market conditions and may vary from those currently expected. If Dole is unable to sell such assets at the amounts currently anticipated, additional valuation allowances would be necessary which would result in the recognition of additional income tax expense in Dole's consolidated statements of operations.

Significant judgment is required in determining income tax provisions under FASB ASC Topic 740, *Income Taxes* (ASC 740), and in evaluating tax positions. Dole establishes additional provisions for income taxes when, despite the belief that tax positions are fully supportable, there remain positions that do not meet the minimum probability

threshold, as defined by ASC 740, which is a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority. In the normal course of business, Dole and its subsidiaries are examined by various federal, state and foreign tax authorities. Dole's management regularly assesses the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of its provision for income taxes. Dole's management continually assesses the likelihood and amount of

**Table of Contents**

potential adjustments and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts that give rise to a revision become known.

Refer to Note 7 of the Consolidated Financial Statements for additional information about Dole's income taxes.

*Pension and Other Postretirement Benefits:* Dole has qualified and nonqualified defined benefit pension plans covering some of its full-time employees. Benefits under these plans are generally based on each employee's eligible compensation and years of service, except for certain plans covering union employees, which are based on negotiated benefits. In addition to pension plans, Dole has other postretirement benefit (OPRB) plans that provide health care and life insurance benefits for eligible retired employees. Covered employees may become eligible for such benefits if they fulfill established requirements upon reaching retirement age. Pension and OPRB costs and obligations are calculated based on actuarial assumptions including discount rates, health care cost trend rates, compensation increases, expected return on plan assets, mortality rates and other factors.

Pension obligations and expenses are most sensitive to the expected return on pension plan assets and discount rate assumptions. OPRB obligations and expenses are most sensitive to discount rate assumptions and health care cost trend rates. Dole's management determines the expected return on pension plan assets based on an expectation of average annual returns over an extended period of years for the asset classes in which the plan's assets are invested. In the absence of a change in Dole's asset allocation or investment philosophy, this estimate is not expected to vary significantly from year to year. Dole's 2010 and 2009 pension expense was determined using an expected rate of return on U.S. plan assets of 8%. At January 1, 2011, Dole's U.S. pension plan investment portfolio was invested approximately 55% in equity securities, 41% in fixed income securities and 4% in private equity and venture capital funds. A 25 basis point change in the expected rate of return on pension plan assets would impact annual pension expense by \$0.5 million.

The discount rate of 5.0% in 2010 and 5.5% in 2009 for Dole's qualified U.S. pension plan was determined based on a hypothetical portfolio of high-quality, non-callable, zero-coupon bonds with amounts and maturities that match the projected future benefit payments from that plan. Discount rates for Dole's other U.S. plans were determined in a similar manner. A 25 basis point decrease in the assumed discount rate would increase the projected benefit obligation for the U.S. plans by \$8 million and increase the annual expense by \$0.4 million.

Dole's foreign pension plans' weighted average discount rate was 7.1% and 7.7% for 2010 and 2009, respectively. A 25 basis point decrease in the assumed discount rate of the foreign plans would increase the projected benefit obligation by approximately \$2.4 million and increase the annual expense by approximately \$0.2 million.

While management believes that the assumptions used are appropriate, actual results may differ materially from these assumptions. These differences may impact the amount of pension and other postretirement obligations and future expense. Refer to Note 13 of the Consolidated Financial Statements for additional details of Dole's pension and other postretirement benefit plans.

*Litigation:* Dole is involved from time to time in claims and legal actions incidental to its operations, both as plaintiff and defendant. Dole's management has established what it currently believes to be adequate reserves for pending legal matters. These reserves are established as part of an ongoing worldwide assessment of claims and legal actions that takes into consideration such items as changes in the pending case load (including resolved and new matters), opinions of legal counsel, individual developments in court proceedings, changes in the law, changes in business focus, changes in the litigation environment, changes in opponent strategy and tactics, new developments as a result of ongoing discovery, and past experience in defending and settling similar claims. Changes in accruals are part of the ordinary, recurring course of business, in which management, after consultation with legal counsel, is required to make estimates of various amounts for business planning purposes, as well as for accounting and SEC reporting

purposes. These changes are reflected in the reported earnings of Dole each quarter. The litigation accruals at any time reflect updated assessments of the then existing pool of claims and legal actions. Actual litigation settlements could differ materially from these accruals.

## **Table of Contents**

### **Recently Adopted and Recently Issued Accounting Pronouncements**

See Note 2 to the Consolidated Financial Statements for information regarding Dole's adoption of recently issued accounting pronouncements.

### **Other Matters**

*European Union ( EU ) Banana Import Regime:* On January 1, 2006, the EU implemented a new tariff only import regime for bananas. Under this regime, the EU mandated a tariff of 176 euro per metric ton on all banana imports to the EU market from Latin America. The EU also mandated that 775,000 metric tons of bananas from African, Caribbean, and Pacific ( ACP ) countries could be imported to the EU duty-free.

Several Latin American countries challenged the legality of aspects of this trade regime by initiating proceedings in the Dispute Settlement Body ( DSB ) at the World Trade Organization ( WTO ). The DSB issued final rulings against the EU on November 27, 2008, concluding that the 176 euro per metric ton tariff imposed was legally inconsistent with WTO trade rules. The DSB also considered whether the zero tariff reserved for ACP countries was legally inconsistent with WTO trade rules but recognized that, with the current entry into force of Economic Partnership Agreements between the EU and ACP countries, ACP bananas now may have duty-free, quota-free access to the EU market.

In light of these WTO rulings against the tariff only regime as implemented, the EU proposed a settlement to the Latin American banana producing countries (Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Peru, Panama, and Venezuela) in resolution of the dispute. The settlement provided for a gradual tariff reduction from 148 euros per metric ton in 2010 to a final tariff of 114 euro per metric ton on January 1, 2017 or January 1, 2019 (the 2019 date applies if no further trade agreements are reached in the ongoing Doha Development Agenda global trade discussions). The EU also entered into a settlement with the U.S. and agreed that the EU will maintain a non-discriminatory, tariff-only regime for the importation of bananas.

The settlement was accepted and initialed by the EU, the U.S., and 11 Latin American banana producing countries on December 15, 2009 and was approved through a plenary vote of the European Parliament on February 3, 2011. Pending Parliamentary approval, the terms of the settlement have been provisionally applied since December 15, 2009.

Dole recorded tariff refunds of \$8 million for the period from December 15, 2009 through June 8, 2010, of which \$6 million was collected. Dole expects the remaining balance to be collected during the first quarter of 2011. The lower tariff rates benefitted fiscal 2010 EBIT by an additional amount of approximately \$7 million.

In addition, the EU has negotiated several free trade areas agreements ( FTA ) which will allow for an even lower import tariff on specified volumes of banana exports from certain countries. An EU-Colombia-Peru FTA has been negotiated and an EU-Central America (i.e., Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) FTA has been negotiated. Both of these FTAs must be ratified by the European Parliament before they come into effect. Ecuador has not yet negotiated an FTA with the EU on bananas and may not benefit, like the other Latin American countries party to an FTA, unless a similar FTA can be negotiated with the EU. Dole continues to monitor these developments but cannot yet anticipate how, or if, they will be implemented.

*Derivative Instruments and Hedging Activities:* Dole uses derivative instruments to hedge against fluctuations in interest rates, foreign currency exchange rate movements and bunker fuel prices. Dole does not utilize derivatives for trading or other speculative purposes.

During the first quarter of 2010, Dole designated the majority of its foreign currency derivative instruments as cash flow hedges in accordance with guidance provided by FASB ASC Topic 815, *Derivatives and Hedging* ( ASC 815 ). As a result, changes in fair value of the foreign currency derivative instruments since hedge designation, to the extent effective, are recorded as a component of accumulated other comprehensive income (loss) ( AOCI ) in the consolidated balance sheet and are reclassified into earnings in the same period the underlying transactions affect earnings.

Prior to the March 2010 refinancing transactions, the interest rate swap was designated as a cash flow hedge in accordance with guidance provided by ASC 815. As a result of the March 2010 refinancing transactions, certain

**Table of Contents**

terms of Dole's senior secured credit facilities were amended. Dole evaluated the impact of these amendments on its hedge designation for its interest rate swap and determined not to re-designate the interest rate swap as a cash flow hedge of its interest rate risk associated with Term Loan C. As a result, changes in the fair value of the interest rate swap after de-designation on March 2, 2010 are recorded into interest expense instead of as a component of AOCI.

Dole has not designated its cross currency swap as a cash flow hedge, as a result all realized and unrealized gains and losses are recorded in other income (expense).

Unrealized gains (losses) on Dole's foreign currency and bunker fuel hedges and the cross currency swap by reporting segment, all of which was recorded in Dole's consolidated statement of operations were as follows:

	Year Ended January 1, 2011				Total
	Foreign Currency Hedges	Bunker Fuel Hedges	Cross Currency Swap (In thousands)	Interest Rate Swap	
Fresh fruit	\$ (1,129)	\$ 1,082	\$	\$	\$ (47)
Packaged foods	2,205				2,205
Corporate			(67,257)	12,266	(54,991)
	\$ 1,076	\$ 1,082	\$ (67,257)	\$ 12,266	\$ (52,833)

	Year Ended January 2, 2010				Total
	Foreign Currency Hedges	Bunker Fuel Hedges	Cross Currency Swap (In thousands)	Interest Rate Swap	
Fresh fruit	\$ 7,843	\$ 4,081	\$	\$	\$ 11,924
Packaged foods	710				710
Corporate			(21,051)		(21,051)
	\$ 8,553	\$ 4,081	\$ (21,051)	\$	\$ (8,417)

	Year Ended January 3, 2009				Total
	Foreign Currency Hedges	Bunker Fuel Hedges	Cross Currency Swap (In thousands)	Interest Rate Swap	
Fresh fruit	\$ 4,074	\$ (4,325)	\$	\$	\$ (251)
Packaged foods	1,928				1,928
Corporate			(50,411)		(50,411)



\$ 6,002    \$ (4,325)    \$ (50,411)    \$                    \$ (48,734)

For information regarding Dole's derivative instruments and hedging activities, refer to Note 17 to the Consolidated Financial Statements.

**Item 7A. *Quantitative and Qualitative Disclosures About Market Risk***

As a result of its global operating and financing activities, Dole is exposed to market risks including fluctuations in interest rates, fluctuations in foreign currency exchange rates and changes in commodity pricing. Dole uses derivative instruments to hedge against fluctuations in interest rates, foreign currency exchange rate movements and bunker fuel prices. Dole does not utilize derivatives for trading or other speculative purposes.

*Interest Rate Risk:* As a result of its normal borrowing and leasing activities, Dole's operating results are exposed to fluctuations in interest rates. Dole has short-term and long-term debt with both fixed and variable interest rates. Short-term debt primarily comprises the current portion of long-term debt maturing within twelve months from the balance sheet date. Short-term debt also includes unsecured notes payable to banks and bank lines of credit

**Table of Contents**

used to finance working capital requirements. Long-term debt represents publicly held secured and unsecured notes and debentures, as well as amounts outstanding under Dole's senior secured credit facilities.

As of January 1, 2011, Dole had \$680.7 million of fixed-rate debt, \$2.5 million of fixed-rate capital lease obligations and \$9.1 million of other debt with a combined weighted average interest rate of 10.0% and a fair value of \$786.5 million. Dole currently estimates that a 100 basis point increase in prevailing market interest rates would decrease the fair value of its fixed-rate debt by approximately \$24 million.

As of January 1, 2011, Dole had the following variable-rate arrangements: \$822.4 million of variable-rate debt with a weighted average interest rate of 5.05% and \$57 million of variable-rate capital lease obligations with a weighted average interest rate of 2.4%. Interest expense under the majority of these arrangements is based on the London Interbank Offered Rate (LIBOR). Dole currently estimates that a 100 basis point increase in LIBOR would lower pretax income by approximately \$9 million.

As part of Dole's strategy to manage the level of exposure to fluctuations in interest rates, Dole entered into an interest rate swap agreement that effectively converted \$320 million of variable-rate term loan debt to a fixed-rate basis. The interest rate swap fixed the interest rate at 7.2%. The paying and receiving rates under the interest rate swap were 5.5% and 0.3% as of January 1, 2011. The fair value of the interest rate swap at January 1, 2011 was a liability of \$11.3 million.

Dole also executed a cross currency swap to synthetically convert \$320 million of term loan debt into Japanese yen denominated debt in order to effectively lower the U.S. dollar fixed interest rate of 7.2% to a Japanese yen interest rate of 3.6%. The fair value of the cross currency swap was a liability of \$128.8 million at January 1, 2011. The cross currency swap matures in June 2011 at which time the liability will come due. Dole is exploring alternatives related to the maturity, and expects to enter into a transaction to unwind the swap through the sale of a future stream of Japanese yen cash flows without any upfront cash payment.

*Foreign Currency Exchange Risk:* Dole products are sourced, grown, processed, marketed and distributed worldwide in more than 90 countries. Its international sales are usually transacted in U.S. dollars and major European and Asian currencies. Some of Dole's costs are incurred in currencies different from those received from the sale of products. Results of operations may be affected by fluctuations in currency exchange rates in both sourcing and selling locations.

Dole has significant sales denominated in Japanese yen as well as European sales denominated primarily in euro and Swedish krona. Product and shipping costs associated with a significant portion of these sales are U.S. dollar-denominated. In 2010, Dole had approximately \$700 million of annual sales denominated in Japanese yen, \$1.3 billion of annual sales denominated in euro, and \$470 million of annual sales denominated in Swedish krona. If U.S. dollar exchange rates versus the Japanese yen, euro and Swedish krona during 2010 had remained unchanged from 2009, Dole's revenues would have been higher by approximately \$3 million primarily due to the weakening of the euro offset by the strengthening Swedish krona and Japanese Yen. Operating income would have been lower by approximately \$19 million, excluding the impact of hedges, due primarily to the strengthening of the Japanese yen. In addition, Dole currently estimates that a 10% strengthening of the U.S. dollar relative to the Japanese yen, euro and Swedish krona would lower operating income by approximately \$34 million, excluding the impact of foreign currency exchange hedges.

Dole sources the majority of its products in foreign locations and accordingly is exposed to changes in exchange rates between the U.S. dollar and currencies in these sourcing locations. Dole's exposure to exchange rate fluctuations in these sourcing locations is partially mitigated by entering into U.S. dollar denominated contracts for third-party purchased product and most other major supply agreements, including shipping contracts. However, Dole is still

exposed to those costs that are denominated in local currencies. The most significant production currencies to which Dole has exchange rate risk are the Thai baht, Philippine peso, Chilean peso and South African rand. If U.S. dollar exchange rates versus these currencies during 2010 had remained unchanged from 2009, Dole's operating income would have been higher by approximately \$30 million. In addition, Dole currently estimates that a 10% weakening of the U.S. dollar relative to these currencies would lower operating income by approximately \$66 million, excluding the impact of foreign currency exchange hedges.

**Table of Contents**

At January 1, 2011, Dole had British pound sterling denominated capital lease obligations. The British pound sterling denominated capital lease of \$57 million is owed by foreign subsidiaries whose functional currency is the U.S. dollar. Fluctuations in the British pound sterling to U.S. dollar exchange rate result in gains/losses that are recognized through results of operations. In 2010, Dole recognized \$2.7 million in foreign currency exchange gains related to the British pound sterling denominated capital lease. Dole currently estimates that the weakening of the value of the U.S. dollar against the British pound sterling by 10% as it relates to the capital lease obligation would decrease operating income by approximately \$6 million.

Some of Dole's divisions operate in functional currencies other than the U.S. dollar. The net assets of these divisions are exposed to foreign currency translation gains and losses, which are included as a component of accumulated other comprehensive loss in shareholders' equity. Such translation resulted in unrealized gains of \$3.8 million in 2010. Dole has historically not attempted to hedge this equity risk.

The ultimate impact of future changes to these and other foreign currency exchange rates on 2011 revenues, operating income, net income, equity and comprehensive income is not determinable at this time.

As part of its risk management strategy, Dole uses derivative instruments to hedge certain foreign currency exchange rate exposures. Dole's objective is to offset gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them, thereby reducing volatility of earnings. Dole uses foreign currency exchange forward contracts and participating forward contracts to reduce its risk related to anticipated dollar equivalent foreign currency cash flows, specifically forecasted revenue transactions and forecasted operating expenses. Participating forwards are the combination of a put and call option, structured such that there is no premium payment, there is a guaranteed strike price, and Dole can benefit from positive foreign currency exchange movements on a portion of the notional amount.

At January 1, 2011, Dole's foreign currency hedge portfolio was as follows:

	<b>Gross Notional Value Forwards</b>	<b>Fair Market Value Assets (Liabilities) (In thousands)</b>	<b>Average Strike Price</b>
<i>Foreign Currency Hedges(buy/sell):</i>			
U.S. dollar/Japanese yen	\$ 207,707	\$ (28,563)	JPY 92.21
U.S. dollar/Euro	101,570	250	EUR 1.34
U.S. dollar/Canadian dollar	26,015	(151)	CAD 1.01
Thai Baht/U.S. dollar	104,140	6,801	THB 32.06
Philippine Peso/U.S. dollar	87,655	7,563	PHP 47.16
South African Rand/U.S. dollar	5,940	908	ZAR 8.72
Total	\$ 533,027	\$ (13,192)	

For the year ended January 1, 2011, net unrealized gains on Dole's foreign currency hedge portfolio totaled \$1.1 million.

Dole also recorded net realized foreign currency hedging gains of \$7.6 million as a component of cost of products sold in the consolidated statement of operations for the year ended January 1, 2011.

*Commodity Sales Price Risk:* Commodity pricing exposures include the potential impacts of weather phenomena and their effect on industry volumes, prices, product quality and costs. Dole manages its exposure to commodity price risk primarily through its regular operating activities, however, significant commodity price fluctuations, particularly for bananas, pineapples and fresh-packed vegetables could have a material impact on Dole's results of operations.

*Commodity Purchase Price Risk:* Dole uses a number of commodities in its operations including tinplate in its canned products, plastic resins in its fruit bowls, containerboard in its packaging containers and bunker fuel for its vessels. Dole is most exposed to market fluctuations in prices of containerboard and fuel. Dole currently estimates that a 10% increase in the price of containerboard would lower operating income by approximately

**Table of Contents**

\$12 million and a 10% increase in the price of bunker fuel would lower operating income by approximately \$17 million.

Dole enters into bunker fuel hedges to reduce its risk related to price fluctuations on anticipated bunker fuel purchases. At January 1, 2011, bunker fuel hedges had an aggregate outstanding notional amount of 35,000 metric tons. The fair value of the bunker fuel hedges at January 1, 2011 was a receivable of \$1.6 million. For the year ended January 1, 2011, Dole recorded unrealized gains of \$1.1 million and realized gains of \$0.3 million.

*Counterparty Risk:* The counterparties to Dole's derivative instruments contracts consist of a number of major international financial institutions. Dole has established counterparty guidelines and regularly monitors its positions and the financial strength of these institutions. While counterparties to hedging contracts expose Dole to credit-related losses in the event of a counterparty's non-performance, the risk would be limited to the unrealized gains on such affected contracts. Dole does not anticipate any such losses.

**Item 8. *Financial Statements and Supplementary Data***

**I. Index to Consolidated Financial Statements of Dole Food Company, Inc.**

	<b>Form 10-K Page</b>
Audited Financial Statements for the Three Years Ended January 1, 2011: <u>Reports of Independent Registered Public Accounting Firm</u>	52
<u>Consolidated Statements of Operations for the Years Ended January 1, 2011, January 2, 2010, and January 3, 2009</u>	54
<u>Consolidated Balance Sheets as of January 1, 2011 and January 2, 2010</u>	55
<u>Consolidated Statements of Cash Flows for the Years Ended January 1, 2011, January 2, 2010 and January 3, 2009</u>	56
<u>Consolidated Statements of Shareholders' Equity for the Years Ended January 1, 2011, January 2, 2010 and January 3, 2009</u>	58
<u>Notes to Consolidated Financial Statements</u>	59
<b><u>II. Supplementary Data</u></b>	
Quarterly Financial Information (Unaudited)	120

**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Dole Food Company, Inc.

We have audited the accompanying consolidated balance sheets of Dole Food Company, Inc. and subsidiaries (the Company ) as of January 1, 2011 and January 2, 2010, and the related consolidated statements of operations, equity, and cash flows for the years ended January 1, 2011, January 2, 2010, and January 3, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 1, 2011 and January 2, 2010, and the results of its operations and its cash flows for the years ended January 1, 2011, January 2, 2010, and January 3, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of January 1, 2011, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 14, 2011 expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ Deloitte & Touche LLP

Los Angeles, California  
March 14, 2011



**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Dole Food Company, Inc.

We have audited the internal control over financial reporting of Dole Food Company, Inc. and subsidiaries (the Company ) as of January 1, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Annual Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 1, 2011, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended January 1, 2011 of the Company and our report dated March 14, 2011 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Los Angeles, California  
March 14, 2011

**Table of Contents****DOLE FOOD COMPANY, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Years Ended January 1, 2011, January 2, 2010 and January 3, 2009**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands, except per share data)</b>		
Revenues, net	\$ 6,892,614	\$ 6,778,521	\$ 7,619,952
Cost of products sold	(6,202,864)	(6,008,803)	(6,862,892)
Gross margin	689,750	769,718	757,060
Selling, marketing and general and administrative expenses	(498,866)	(479,229)	(509,418)
Charges for restructuring and long-term receivables (Note 6)	(32,748)		
Gain on legal settlements, net (Note 19)	32,521		
Gain on asset sales (Note 9)	3,017	61,257	26,976
Operating income	193,674	351,746	274,618
Other income (expense), net	(63,641)	(24,727)	(14,066)
Debt retirement costs in connection with initial public offering (Note 3 and 12)		(30,551)	
Interest income	6,195	6,917	6,455
Interest expense	(163,950)	(205,715)	(174,485)
Income (loss) from continuing operations before income taxes and equity earnings	(27,722)	97,670	92,522
Income taxes	(13,394)	(22,684)	48,015
Earnings from equity method investments	7,364	10,100	6,388
Income (loss) from continuing operations, net of income taxes	(33,752)	85,086	146,925
Income (loss) from discontinued operations, net of income taxes	629	1,639	(27,391)
Gain on disposal of discontinued operations, net of income taxes	2,957	1,308	3,315
Net income (loss)	(30,166)	88,033	122,849
Less: Net income attributable to noncontrolling interests	(3,958)	(3,948)	(1,844)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ (34,124)	\$ 84,085	\$ 121,005
Earnings per share Basic and Diluted (Note 21):			
Income (loss) from continuing operations	\$ (0.39)	\$ 1.45	\$ 2.84
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ (0.39)	\$ 1.43	\$ 2.34



**Table of Contents****DOLE FOOD COMPANY, INC.****CONSOLIDATED BALANCE SHEETS  
As of January 1, 2011 and January 2, 2010**

	<b>2010</b>	<b>2009</b>
	<b>(In thousands, except per share data)</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 170,147	\$ 119,670
Restricted cash and deposits	51,108	
Receivables, net of allowances of \$36,533 and \$51,380, respectively	751,265	726,157
Inventories	734,966	718,191
Prepaid expenses and other assets	67,909	68,665
Deferred income tax assets	36,810	8,496
Assets held-for-sale (Note 9)	86,050	96,020
Total current assets	1,898,255	1,737,199
Restricted deposits (Note 17)		23,290
Investments	87,914	85,004
Property, plant and equipment, net of accumulated depreciation of \$1,117,461 and \$1,069,299, respectively	943,030	962,247
Goodwill	407,247	407,247
Intangible assets, net	701,081	705,853
Other assets, net	219,463	186,183
Total assets	\$ 4,256,990	\$ 4,107,023
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 521,330	\$ 474,399
Accrued liabilities	642,481	440,840
Current portion of long-term debt, net	7,348	8,017
Notes payable	31,922	37,308
Total current liabilities	1,203,081	960,564
Long-term debt, net	1,564,325	1,552,680
Deferred income tax liabilities	244,324	204,567
Other long-term liabilities	428,476	523,233
Commitments and contingencies (Notes 16 and 19)		
Shareholders' equity		
Preferred stock \$0.001 par value; 10,000 shares authorized, none issued or outstanding		
Common stock \$0.001 par value; 300,000 shares authorized, 88,611 and 88,233 shares issued and outstanding as of January 1, 2011 and January 2, 2010	89	88

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Additional paid-in capital	776,918	768,973
Retained earnings	71,083	105,207
Accumulated other comprehensive loss	(55,921)	(35,293)
Equity attributable to shareholders of Dole Food Company Inc.	792,169	838,975
Equity attributable to noncontrolling interests	24,615	27,004
Total equity	816,784	865,979
Total liabilities and equity	\$ 4,256,990	\$ 4,107,023

See Notes to Consolidated Financial Statements

**Table of Contents****DOLE FOOD COMPANY, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended January 1, 2011, January 2, 2010 and January 3, 2009**

	2010	2009 (In thousands)	2008
<b>Operating Activities</b>			
Net income (loss)	\$ (30,166)	\$ 88,033	\$ 122,849
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	114,239	119,572	138,828
Net losses on financial instruments	66,366	17,030	25,086
Share-based compensation expense	6,642	925	
Asset write-offs and net (gain) loss on sale of assets	(4,117)	(64,984)	(50,751)
Impairment of discontinued operations	1,186		17,000
Noncontrolling interests in discontinued operations and gain on disposal of discontinued operations, net of income taxes			12,760
Earnings from equity method investments	(7,364)	(10,100)	(6,388)
Amortization of debt discounts and debt issuance costs	11,507	8,626	4,085
Debt retirement costs in connection with initial public offering		30,551	
Provision for long-term receivables	11,404		
Write-off of debt issuance costs	4,650	5,601	
Provision for deferred income taxes	3,958	1,391	(43,120)
Unrecognized tax benefits on federal income tax audit settlement (Note 7)			(60,906)
Pension and other postretirement benefit plan expense	23,437	14,321	21,656
Other	225	(468)	(128)
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Receivables	(18,672)	41,153	(37,073)
Inventories	(14,239)	42,373	(59,243)
Prepaid expenses and other assets	(21,230)	(34,275)	(10,943)
Income taxes	(16,969)	(253)	27,641
Accounts payable	37,846	(7,781)	30,487
Accrued liabilities	10,123	39,994	(45,856)
Other long-term liabilities	(31,187)	(8,757)	(41,421)
Cash flow provided by operating activities	147,639	282,952	44,563
<b>Investing Activities</b>			
Cash received from sales of assets and businesses, net of cash disposed	45,891	159,564	226,483
Capital expenditures	(87,402)	(51,212)	(85,096)
Restricted cash and deposits	(27,818)	(23,290)	
Other	(588)	(657)	(245)

Cash flow provided by (used in) investing activities	(69,917)	84,405	141,142
<b>Financing Activities</b>			
Short-term debt borrowings	57,535	37,918	94,943
Short-term debt repayments	(76,341)	(33,621)	(132,266)
Long-term debt borrowings	923,370	1,294,712	1,348,050
Long-term debt repayments	(913,973)	(1,906,583)	(1,482,800)
Payment of debt issuance costs	(17,000)	(25,409)	
Payment of initial public offering costs	(1,004)		
Long-term debt repayment costs in connection with initial public offering		(18,028)	
Proceeds from initial public offering, net		416,698	
Repayment of assumed Hotel and Wellness Center debt		(85,000)	
Dividends paid to parent		(15,000)	
Dividends paid to noncontrolling interests	(1,958)	(6,382)	(13,447)
Cash flow used in financing activities	(29,371)	(340,695)	(185,520)
Effect of foreign currency exchange rate changes on cash	2,126	2,179	(6,417)
Increase (decrease) in cash and cash equivalents	50,477	28,841	(6,232)
Cash and cash equivalents at beginning of period	119,670	90,829	97,061
Cash and cash equivalents at end of period	\$ 170,147	\$ 119,670	\$ 90,829



**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
**For the Years Ended January 1, 2011, January 2, 2010 and January 3, 2009**

**Supplemental cash flow information**

At January 1, 2011, January 2, 2010 and January 3, 2009, accounts payable included approximately \$18.3 million, \$6.1 million and \$6.7 million, respectively, for capital expenditures. Of the \$6.1 million of capital expenditures included in accounts payable at January 2, 2010, the majority was paid during fiscal 2010. Of the \$6.7 million of capital expenditures included in accounts payable at January 3, 2009, the majority was paid during fiscal 2009. Approximately \$16.7 million of the capital expenditures included in accounts payable at December 29, 2007 was paid during fiscal 2008.

For the year ended January 2, 2010, changes in operating assets and liabilities for prepaid expenses and other assets included a \$10 million provisional payment made to the European Commission ( EC ) during January 2009 related to the EC 's Antitrust Decision. Refer to Note 19 Contingencies for further information.

Income tax payments, net of refunds, for the years ended January 1, 2011, January 2, 2010 and January 3, 2009 were \$26.4 million, \$20.9 million and \$15.5 million, respectively.

Interest payments on borrowings totaled \$157.2 million, \$184.7 million and \$175.5 million during the years ended January 1, 2011, January 2, 2010, and January 3, 2009, respectively.

During the year ended January 3, 2009, Dole recorded \$77.8 million of tax related adjustments that resulted from changes to unrecognized tax benefits that existed at the time of the going-private merger transaction. This tax-related adjustment resulted in a decrease to goodwill and a decrease to the liability for unrecognized tax benefits.

In addition to cash received from asset sales of \$159.5 million during the year ended January 2, 2010, \$25.9 million of long-term debt was assumed by the buyer of the fresh-cut flowers subsidiaries, therefore providing a total benefit to Dole of \$185.4 million from asset sales. During the fourth quarter of 2008, the fresh-cut flowers subsidiaries borrowed \$25.9 million and Dole 's cash balance at January 3, 2009 reflected the cash proceeds from this transaction. The debt ceased to be an obligation of Dole upon the closing of the first phase of the Flowers transaction during the first quarter of 2009.

During May 2009, Dole acquired all of the assets of Distrifruit, a fresh fruit distributor located in Romania, in a non-cash exchange for approximately \$10 million of trade receivables due from the seller. Refer to Note 11 Goodwill and Intangible Assets for further information.

During the fourth quarter of 2009, \$85 million of DHM Holding Company, Inc. debt was assumed by Dole and concurrent with the initial public offering transaction, paid off with initial public offering net proceeds.

During fiscal 2007, two of Dole 's non-wholly-owned subsidiaries sold land parcels located in Central California to subsidiaries of Castle and Cooke, Inc. ( Castle ) for \$40.3 million, of which \$30.5 million was in cash and \$9.8 million was a note receivable. Castle is owned by David H. Murdock, Dole 's Chairman. During the third quarter of 2010, Dole collected \$5.7 million which represented its share of the note receivable. The remaining \$4.1 note receivable balance was ultimately disbursed to our minority partner during the third quarter of 2010 as a non-cash distribution.

See Notes to Consolidated Financial Statements



Table of Contents**DOLE FOOD COMPANY, INC.****CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY**  
**For the Years Ended January 1, 2011, January 2, 2010 and January 3, 2009**

	Equity Attributable to Shareholders of Dole Food Company Inc.								
	Common		Additional	Retained	Pension & Other	Accumulated Other Comprehensive Income (Loss)	Unrealized Gains (Losses) on Hedges	Equity Attributable to Noncontrolling Interests	Total Equity
	Shares Outstanding	Common Stock	Paid-In Capital	Earnings (Deficit)	Postretirement Benefits	Cumulative Translation Adjustment (In thousands)			
December 29,	51,710	\$ 51	\$ 409,856	\$ (84,883)	\$ (26,752)	\$ 42,261	\$ (15,525)	\$ 29,878	\$ 354,886
positions				121,005				1,844	122,849
ing interests in					(1,628)	2,378			750
operations								481	481
ing interests									
of									
operations								12,279	12,279
aid								(14,108)	(14,108)
oreign									
translation and									
es, net of									
s						(17,452)	(18,877)	(19)	(36,348)
ion of realized									
income								5,272	5,272
mployee									
s, net of									
s									
of land to									
of income									
			(226)					(96)	(322)
January 3, 2009	51,710	\$ 51	\$ 409,630	\$ 36,122	\$ (40,960)	\$ 27,187	\$ (29,130)	\$ 30,259	\$ 433,159
				84,085				3,948	88,033
offering	35,715	36	415,084						415,120
umption of									
ellness Center			(85,000)						(85,000)

and (and taxes transfer) to										
y			(5,956)							(5,956)
of net										
assets from										
ing Company,			33,794							33,794
restricted stock	808	1	(1)							
compensation			925							925
noncontrolling										
								(340)		(340)
aid					(15,000)			(6,382)		(21,382)
foreign										
translation and										
s(losses), net										
x						11,039	(3,593)	16		7,462
ion of realized										
income, net of										
s								11,597		11,597
employee										
, net of										
s						(11,433)				(11,433)
received from										
ing interest			497					(497)		
January 2, 2010	88,233	\$ 88	\$ 768,973	\$ 105,207	\$ (52,393)	\$ 38,226	\$ (21,126)	\$ 27,004	\$ 865,979	
					(34,124)			3,958		(30,166)
restricted stock	396	1	(1)							
of restricted										
	(18)		(33)							(33)
compensation			6,642							6,642
and (and taxes transfer) from										
y			1,337							1,337
aid								(1,958)		(1,958)
of										
ing interests								(314)		(314)
tribution								(4,078)		(4,078)
foreign										
translation and										
s(losses), net										
x						3,841	(14,416)	3		(10,572)
ion of realized										
income, net of										
s								9,390		9,390
employee										
, net of										
s						(19,443)				(19,443)
January 1, 2011	88,611	\$ 89	\$ 776,918	\$ 71,083	\$ (71,836)	\$ 42,067	\$ (26,152)	\$ 24,615	\$ 816,784	

See Notes to Consolidated Financial Statements

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS**

**Note 1 Nature of Operations**

Dole Food Company, Inc. was incorporated under the laws of Hawaii in 1894 and was reincorporated under the laws of Delaware in July 2001.

Dole Food Company, Inc. and its consolidated subsidiaries ( Dole or the Company ) are engaged in the worldwide sourcing, processing, distributing and marketing of high quality, branded food products, including fresh fruit and vegetables, as well as packaged foods.

Operations are conducted throughout North America, Latin America, Europe (including eastern European countries), Asia (primarily in China, Japan, Korea, the Philippines and Thailand), the Middle East and Africa (primarily in South Africa). As a result of its global operating and financing activities, Dole is exposed to certain risks including changes in commodity pricing, fluctuations in interest rates, fluctuations in foreign currency exchange rates, as well as other environmental and business risks in both sourcing and selling locations.

Dole s principal products are produced on both Company-owned and leased land and are also acquired through associated producer and independent grower arrangements. Dole s products are primarily packed and processed by Dole and sold to wholesale, retail and institutional customers and other food product companies.

In March 2003, Dole completed a going-private merger transaction ( going-private merger transaction ). The privatization resulted from the acquisition by David H. Murdock, Dole s Chairman, of the approximately 76% of Dole that he and his affiliates did not already own. As a result of the transaction, Dole became wholly-owned by Mr. Murdock through DHM Holding Company, Inc ( Holdings ).

In October 2009, Dole completed a \$446 million initial public offering ( IPO ) of its common stock and received net proceeds of \$415 million. Since the completion of the IPO, Dole s Chairman, David H. Murdock, and his affiliates have beneficially owned 51,710,000 common shares, or 58.4% of Dole s outstanding common shares.

**Note 2 Basis of Presentation and Summary of Significant Accounting Policies**

*Basis of Consolidation:* Dole s consolidated financial statements include the accounts of Dole Food Company, Inc., majority owned subsidiaries over which Dole exercises control, and entities that are not majority owned but require consolidation as a variable interest entity. Intercompany accounts and transactions have been eliminated in consolidation.

*Annual Closing Date:* Dole s fiscal year ends on the Saturday closest to December 31. The fiscal years 2010, 2009 and 2008 ended on January 1, 2011, January 2, 2010 and January 3, 2009, respectively. Dole operates under a 52/53 week year. Fiscal 2008 was a 53-week year. Fiscals 2010 and 2009 were both 52-week years. The impact of the additional week in fiscal 2008 was not material to Dole s consolidated statement of operations or consolidated statement of cash flows.

*Revenue Recognition:* Revenue is recognized at the point title and risk of loss is transferred to the customer, collection is reasonably assured, persuasive evidence of an arrangement exists and the price is fixed or determinable.

*Sales Incentives:* Dole offers sales incentives and promotions to its customers (resellers) and to its consumers. These incentives include consumer coupons and promotional discounts, volume rebates and product placement fees. Dole follows the requirements of the Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 605, *Revenue Recognition* ( ASC 605 ). Consideration given to customers and consumers related to sales incentives is recorded as a reduction of revenues, rather than as a cost or expense. Estimated sales discounts are recorded in the period in which the related sale is recognized. Volume rebates are recognized as earned by the customer, based upon the contractual terms of the arrangement with the customer and, where applicable, Dole s estimate of sales volume over the term of the arrangement. Adjustments to estimates are

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

made periodically as new information becomes available and actual sales volumes become known. Adjustments to these estimates have historically not been significant to Dole.

*Agricultural Costs:* Recurring agricultural costs include costs relating to irrigation, fertilizing, disease and insect control and other ongoing crop and land maintenance activities. Recurring agricultural costs are charged to operations as incurred or are recognized when the crops are harvested and sold, depending on the product. Non-recurring agricultural costs, primarily comprising soil and farm improvements and other long-term crop growing costs that benefit multiple harvests, are deferred and amortized over the estimated production period, currently from two to seven years.

*Shipping and Handling Costs:* Amounts billed to third-party customers for shipping and handling are included as a component of revenues. Shipping and handling costs incurred are included as a component of cost of products sold and represent costs incurred by Dole to ship product from the sourcing locations to the end consumer markets.

*Value-Added Taxes:* Value-added taxes that are collected from customers and remitted to taxing authorities are excluded from sales and cost of sales.

*Marketing and Advertising Costs:* Marketing and advertising costs, which include media, production and other promotional costs, are generally expensed in the period in which the marketing or advertising first takes place. In limited circumstances, Dole capitalizes payments related to the right to stock products in customer outlets or to provide funding for various merchandising programs over a specified contractual period. In such cases, Dole amortizes the costs over the life of the underlying contract. The amortization of these costs, as well as the cost of certain other marketing and advertising arrangements with customers, are classified as a reduction in revenues. Advertising and marketing costs, included in selling, marketing and general and administrative expenses, amounted to \$99.5 million, \$92.1 million and \$72.9 million during the years ended January 1, 2011, January 2, 2010 and January 3, 2009.

*Research and Development Costs:* Research and development costs are expensed as incurred. Research and development costs were not material for the years ended January 1, 2011, January 2, 2010 and January 3, 2009.

*Income Taxes:* Dole accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred income tax assets for which it is deemed more likely than not that future taxable income will not be sufficient to realize the related income tax benefits from these assets. Dole establishes additional provisions for income taxes when, despite the belief that tax positions are fully supportable, there remain positions that do not meet the minimum probability threshold, as defined by FASB ASC Topic 740, *Income Taxes* ( ASC 740 ), which is a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority. In addition, once the recognition threshold for the tax position is met, only the portion of the tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority is recorded. The impact of provisions for uncertain tax positions, as well as the related net interest and penalties, are included in income taxes in the consolidated statements of operations. Income taxes, which would be due upon the repatriation of foreign subsidiary earnings, have not been



provided where the undistributed earnings are considered indefinitely invested.

*Cash and Cash Equivalents:* Cash and cash equivalents consist of cash on hand and highly liquid investments, primarily money market funds and time deposits, with original maturities of three months or less.

*Grower Advances:* Dole makes advances to third-party growers primarily in Latin America and Asia for various farming needs. Some of these advances are secured with property or other collateral owned by the growers.

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Dole monitors these receivables on a regular basis and records an allowance for these grower receivables based on estimates of the growers' ability to repay advances and the fair value of the collateral. Grower advances are stated at the gross advance amount less allowances for potentially uncollectible balances.

*Credit Quality:* At January 1, 2011, Dole's long-term financing receivables consisted of \$15.6 million net grower advances, \$8.3 million loans extended in connection with the sale of assets, and net long-term trade receivables of \$3.3 million. These assets have been included in other assets, in the accompanying consolidated balance sheet as of January 1, 2011.

Dole's grower advances are generally secured by the underlying assets of the grower, and Dole monitors the collectability of these advances through periodic review of financial information received from these growers. At January 1, 2011, approximately \$11.9 million of these receivables were 90 days past due and the allowance for credit losses at January 1, 2011 was \$10.8 million. Dole's historical losses on its long-term grower advances have been immaterial.

At January 1, 2011, Dole had an \$8.3 million note receivable from the buyer of the operating assets of the fresh-cut flowers business. The note receivable is secured by land and buildings. The note receivable was due in January 2011. Dole is currently renegotiating with the buyer the terms of the note, including the timing of payment and the interest rate. The note receivable has been reclassified to long-term at January 1, 2011.

Dole has long-term trade receivables of \$19.1 million due from an Eastern European customer, for which it is likely that payment will not be received during the next year. During fiscal 2010 and 2009, Dole recorded provisions for bad debt of \$11.4 million and \$4.4 million, respectively. The net receivable of \$3.3 million represents management's best estimate of its net realizable value after consideration of collateral securing the receivable.

*Inventories:* Inventories are valued at the lower of cost or market. Costs related to certain packaged foods products are determined using the average cost basis. Costs related to other inventory categories, including fresh fruit and vegetables are determined on the first-in, first-out basis. Specific identification and average cost methods are also used primarily for certain packing materials and operating supplies. Crop growing costs primarily represent the costs associated with growing bananas, pineapples and vegetables on company-owned farms and for third-party farms, represent advances made to the grower for crops in process.

*Investments:* Investments in affiliates and joint ventures with ownership of 20% to 50% are recorded on the equity method, provided Dole has the ability to exercise significant influence. All other non-consolidated investments are accounted for using the cost method. At January 1, 2011, January 2, 2010 and January 3, 2009, substantially all of Dole's investments have been accounted for under the equity method.

*Property, Plant and Equipment:* Property, plant and equipment is stated at cost plus the fair value of asset retirement obligations, if any, less accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of these assets. Dole reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an evaluation of recoverability is required, the estimated undiscounted future cash flows directly associated with the asset are compared to the asset's carrying amount. If this comparison indicates that there is an impairment, the amount of the impairment is calculated by comparing the carrying value to discounted expected future cash flows or comparable market values, depending on the nature of the asset. All long-lived assets, for which management has committed itself

to a plan of disposal by sale, are reported at the lower of carrying amount or fair value less cost to sell. Long-lived assets to be disposed of other than by sale are classified as held and used until the date of disposal. Routine maintenance and repairs are charged to expense as incurred.

*Goodwill and Intangibles:* Goodwill represents the excess cost of a business acquisition over the fair value of the identifiable net assets acquired. Goodwill and indefinite-lived intangible assets are reviewed for impairment annually, or more frequently if certain impairment indicators arise. Goodwill is allocated to various reporting units, which are either the operating segment or one reporting level below the operating segment. Fair values for goodwill

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

and indefinite-lived intangible assets are determined based on discounted cash flows, market multiples or appraised values, as appropriate.

Dole's indefinite-lived intangible asset, consisting of the DOLE brand, is considered to have an indefinite life because it is expected to generate cash flows indefinitely and as such is not amortized. Dole's intangible assets with a definite life consist primarily of customer relationships. Amortizable intangible assets are amortized on a straight-line basis over their estimated useful life. The remaining weighted average useful life of Dole's customer relationships is 4 years.

*Concentration of Credit Risk:* Financial instruments that potentially subject Dole to a concentration of credit risk principally consist of cash equivalents, derivative contracts, grower advances and trade receivables. Dole maintains its temporary cash investments with high quality financial institutions, which are invested primarily in short-term U.S. government instruments and certificates of deposit. The counterparties to Dole's derivative contracts are major financial institutions. Grower advances are principally with farming enterprises located throughout Latin America and Asia and are secured by the underlying crop harvests. Credit risk related to trade receivables is mitigated due to the large number of customers dispersed worldwide. To reduce credit risk, Dole performs periodic credit evaluations of its customers but does not generally require advance payments or collateral. Additionally, Dole maintains allowances for credit losses. No individual customer accounted for greater than 10% of Dole's revenues during the years ended January 1, 2011, January 2, 2010 and January 3, 2009. No individual customer accounted for greater than 10% of accounts receivable as of January 1, 2011, January 2, 2010 or January 3, 2009.

*Fair Value of Financial Instruments:* Dole's financial instruments primarily comprise short-term trade and grower receivables, trade payables, notes receivable and notes payable, as well as long-term grower receivables, capital lease obligations, term loans, a revolving loan, and notes and debentures. For short-term instruments, the carrying amount approximates fair value because of the short maturity of these instruments. For the long-term financial instruments, excluding Dole's secured and unsecured notes and debentures, and term loans, the carrying amount approximates fair value since they bear interest at variable rates or fixed rates which approximate market.

Dole also holds derivative instruments to hedge against foreign currency exchange, fuel pricing and interest rate movements. Dole's derivative financial instruments are recorded at fair value. Dole estimates the fair values of its derivatives based on quoted market prices or pricing models using current market rates less any credit valuation adjustments (refer to Notes 17 and 18 for additional information).

*Foreign Currency Exchange:* For subsidiaries with transactions that are denominated in a currency other than the functional currency, the net foreign currency exchange transaction gains or losses resulting from the translation of monetary assets and liabilities to the functional currency are included in determining net income. Net foreign currency exchange gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries whose functional currency is not the U.S. dollar are recorded as a part of cumulative translation adjustment in shareholders' equity. Unrealized foreign currency exchange gains and losses on certain intercompany transactions that are of a long-term-investment nature (i.e., settlement is not planned or anticipated in the foreseeable future) are also recorded in cumulative translation adjustment in shareholders' equity.

*Leases:* Dole leases fixed assets for use in operations where leasing offers advantages of operating flexibility and is less expensive than alternative types of funding. Dole also leases land in countries where land ownership by foreign entities is restricted. Dole's leases are evaluated at inception or at any subsequent modification and, depending on the lease terms, are classified as either capital leases or operating leases, as appropriate under FASB ASC Topic 840,

*Leases* ( ASC 840 ). For operating leases that contain rent escalations, rent holidays or rent concessions, rent expense is recognized on a straight-line basis over the life of the lease. The majority of Dole s leases are classified as operating leases. Dole s principal operating leases are for land and machinery and equipment. Dole s capitalized leases primarily consist of two vessel leases. Dole s decision to exercise renewal

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

options is primarily dependent on the level of business conducted at the location and the profitability thereof. Dole's leasehold improvements were not significant at January 1, 2011 or January 2, 2010.

*Share-Based Compensation:* Dole accounts for share-based payments in accordance to FASB ASC Topic 718, *Compensation - Stock Compensation* (ASC 718), which requires that share-based payments be recognized in the consolidated statements of operations based on their fair value and the estimated number of shares Dole ultimately expects to vest. The estimated forfeiture rate is based on historical attrition data. Dole uses the Black-Scholes-Merton option pricing model to estimate the fair value of stock options grants. The option pricing model requires input of assumptions regarding expected term, expected volatility, dividend yield, and risk free rate. Expected term of the option grants is estimated using the simplified method permissible under SEC Staff Accounting Bulletin No. 107. Expected volatility of the option grants is estimated using annualized historical volatility of the publicly traded stock prices of Dole's significant competitors. Risk free rate is estimated using the implied yield available on U.S. Treasury securities with a maturity equivalent to the stock options' expected term. Share-based compensation is expensed on a straight-line basis over the service period of the awards (refer to Note 22 for further information).

*Guarantees:* Dole makes guarantees as part of its normal business activities. These guarantees include guarantees of the indebtedness of some of its key fruit suppliers and other entities integral to Dole's operations. Dole also issues bank guarantees as required by certain regulatory authorities, suppliers and other operating agreements as well as to support the borrowings, leases and other obligations of its subsidiaries. The majority of Dole's guarantees relate to guarantees of subsidiary obligations and are excluded from the initial measurement and recognition provisions of FASB ASC Topic 460, *Guarantees* (ASC 460).

*Workers' Compensation and Loss Reserves:* Dole self-insures certain losses arising out of worker's compensation claims. Dole establishes worker's compensation accruals for its self-insured programs based upon reported claims in process and actuarial estimates for losses incurred but not reported. Loss reserves, including incurred but not reported reserves, are estimated using actuarial methods and ultimate settlements may vary significantly from such estimates due to increased claims frequency or the severity of claims.

*Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Estimates and assumptions include, but are not limited to, the areas of customer and grower receivables, inventories, impairment of assets, useful lives of property, plant and equipment, intangible assets, marketing programs, share-based compensation, income taxes, self-insurance reserves, retirement benefits, financial instruments and commitments and contingencies. Actual results could differ from these estimates.

**Recently Adopted Accounting Pronouncements**

During June 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-17, *Consolidations (ASC 810) Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities* (ASU 2009-17). ASU 2009-17 amended the consolidation guidance applicable to variable interest entities (VIE) and changed the approach for determining the primary beneficiary of a VIE. Among other things, the new guidance requires a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE; requires continuous assessments of whether an enterprise is the primary beneficiary of a VIE; enhances disclosures about an enterprise's involvement with a VIE; and amends certain guidance for determining whether an entity is a VIE. This accounting guidance is effective for

annual periods beginning after November 15, 2009 and was effective for Dole beginning in the first quarter of fiscal 2010. The adoption of this standard had no impact on Dole's results of operations or financial position.

During July 2010, the FASB issued ASU No. 2010-20, *Receivables (ASC 310) Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (ASU 2010-20). ASU 2010-20 requires

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

entities with financing receivables to disclose, among other things; a rollforward of the allowance for credit losses; credit quality information, such as credit risk scores or external credit agency rating; and impaired loan information, modification information and nonaccrual and past due information. ASU 2010-20 will be adopted in two phases. The disclosure requirements as of the end of a period for financing receivables are effective for interim or annual reporting periods ending after December 15, 2010. Subsequently, the disclosure requirements about activity related to financing receivables will be effective for financial statements for interim or annual reporting periods beginning after December 15, 2010. Other than the additional disclosures as required by the guidance, the adoption had no impact on Dole's results of operations or financial position.

**Note 3 Initial Public Offering**

On October 28, 2009, Dole completed a \$446 million IPO of 35,715,000 common shares at \$12.50 per share. On October 23, 2009, Dole's common stock began trading on the New York Stock Exchange under the ticker symbol DOLE. Upon the October 28, 2009 closing of the IPO, Dole received net proceeds of \$415 million, reflecting \$31 million of underwriting discount and offering expenses. The net proceeds were used by Dole to pay down indebtedness, as discussed more fully below. Dole's chairman, David H. Murdock, and his affiliates beneficially own 51,710,000 common shares, or approximately 58.6% of Dole's outstanding common shares.

***Restructuring***

Immediately prior to the IPO closing, Dole completed certain restructuring transactions as a result of which (1) Dole's former parent holding company, Holdings, was merged into Dole, (2) some shares of Dole held by an affiliate of Mr. Murdock were redeemed in exchange for (a) the 85% interest in Westlake Wellbeing Properties, LLC (which owns the Four Seasons Hotel Westlake Village) formerly owned by Holdings, together with the assumption by such affiliate of \$30 million of a debt obligation of Holdings and (b) 1,361 acres of idle land in Honduras owned by a subsidiary of Dole, and (3) Dole paid the remaining \$85 million of the Holdings debt obligation in order to eliminate a pre-existing cross-default and cross-acceleration risk under which a default by Holdings on such debt could have resulted in a cross-default and cross-acceleration under Dole's credit facilities and bond indentures. In the merger, each share of Holdings common stock outstanding immediately prior to the merger was converted into 51,710 shares of Dole common stock, and each share of Dole common stock outstanding immediately prior to the merger, each of which was held by Holdings, was cancelled. As a result of the merger of Holdings into Dole, the federal net operating loss carryforwards of Holdings became available to Dole, subject to normal statutory expiration periods. Holdings federal net operating loss carryforwards were approximately \$167 million as of January 2, 2010. The tax effect, net of valuation allowances, has been recorded as an equity contribution to Dole. The transfer of land in Honduras was not effectuated during 2010 and was mutually agreed by all parties not to proceed further. Therefore, the property and related taxes continue to belong to a subsidiary of Dole.

In connection with the IPO, Holdings was merged into Dole in a downstream merger (the Merger Transaction), which was accounted for as a common control downstream merger at carryover basis and retrospectively included for all periods.

Immediately upon the closing of the Merger Transaction, Dole's newly acquired interest in Westlake Wellbeing Properties, LLC (WWP) was transferred to Castle & Cooke Westlake Holdings, LLC (C&C), an entity owned and controlled by David H. Murdock. The transfer of WWP to C&C has been accounted for as a change in reporting entity, and the historical results of operations of WWP have been retrospectively excluded from the historical financial



statements for the years ended January 2, 2010 and January 3, 2009. Further, as the debt of Holdings (the Hotel Loan ) relates to the assets of WWP, such debt and interest expense thereon has also been excluded from all historical periods in connection with the change in reporting entity.

The reason for the change in reporting entity was to modify Dole s organizational structure in which only entities with businesses compatible to Dole s core business would remain within the Dole entity. Specifically, WWP

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

is an owner of a hotel and wellbeing center, which does not have any overlap at all with Dole's product offerings and business models, and such businesses have no similarities in sources of revenues or key expenditures.

Accordingly, Dole's historical financial statements were retrospectively revised for the years ended January 2, 2010 and January 3, 2009 to include the historical results and balances of Holdings, excluding those balances of WWP which have been transferred to C&C. Further, Dole's retrospectively revised historical financial statements exclude the Hotel Loan, which totaled \$115 million at the date of the Merger Transaction, and \$135 million at January 3, 2009, and the resulting interest expense thereon.

In connection with the Merger Transaction, \$85 million of the Hotel Loan was assumed by Dole and, concurrent with the IPO, paid off with IPO net proceeds. As such, the \$85 million of debt has been reflected as a deemed assumption of debt at the Merger Transaction date by reducing shareholders' equity. The subsequent payment of such debt has been reflected as a financing cash outflow in the accompanying 2009 consolidated statement of cash flows.

Further, in connection with the Merger Transaction, the retrospectively revised historical financial statements include net deferred income tax assets of approximately \$58 million related to net operating loss carryforwards of Holdings incurred prior to the Merger Transaction, which were principally related to losses incurred at WWP. As the underlying operations of WWP are being excluded from the historical consolidated financial statements, the recorded net deferred tax assets of approximately \$33.8 million, net of valuation allowances, of Holdings were recorded as an equity contribution to Dole from C&C in the fourth quarter of 2009 in connection with the Merger Transaction.

If the change in reporting entity discussed above had not been made, Dole's retrospectively revised historical consolidated financial statements prior to the transfer of WWP to C&C would have included the results of WWP, which would have had the effect of lowering Dole's net income and comprehensive income by \$27.5 million, and \$25.4 million for the years ended January 2, 2010, and January 3, 2009. The 2009 net income and comprehensive income amount of \$27.5 million was through the date of the Merger Transaction. Further, if WWP were to have been included in Dole's consolidated financial statements after the Merger Transaction, it would have been reflected as a discontinued operation and therefore would have had no impact on income from continuing operations. Accordingly, basic and diluted earnings per share including the results of WWP would have been lower by \$0.47, and \$0.49, for the years ended January 2, 2010, and January 3, 2009, respectively. As noted, however, Dole's financial statements have never, do not now, and will not include the results of WWP because Dole only owned an interest in WWP for an instant, on October 28, 2009, during the closing of the IPO and related transactions.

***Debt Reduction***

Dole used the net proceeds from the IPO to repay \$47 million of amounts outstanding under its revolving credit facility, as well as making the \$85 million debt repayment discussed above, which, as noted, resulted in the elimination of Dole's pre-existing cross-default and cross-acceleration risk related to the Holdings debt. In addition, in November 2009, Dole used the net proceeds from the IPO to redeem \$122.5 million of the 13.875% Senior Secured Notes due 2014 ( 2014 Notes ) and \$130 million of the 8.875% Senior Notes due 2011 ( 2011 Notes ).

In connection with a trust offering occurring at the same time as the IPO, an affiliate of Mr. Murdock entered into a purchase agreement with a newly established trust pursuant to which Mr. Murdock has the option to deliver cash or shares of Dole's common stock on exchange of the trust's securities beginning on November 1, 2012. A portion of the net proceeds from such transaction was used to repay indebtedness of an affiliate of Mr. Murdock that had subjected

Dole to an additional cross-default and cross-acceleration risk. As a result of this transaction, and the transactions relating to the former Holdings debt, all of Dole's pre-existing cross-default and cross-acceleration risks arising from any indebtedness of Mr. Murdock or his affiliates have been eliminated. These transactions do not affect the customary cross-default and cross-acceleration provisions between the different categories of Dole's own debt (see Note 12 for further information).

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

The trust is not consolidated in Dole's consolidated financial statements as Dole does not control the trust, or have an ownership percentage in the trust.

**Note 4 Other Income (Expense), Net**

Included in other income (expense), net in Dole's consolidated statements of operations for fiscal 2010, 2009 and 2008 are the following items:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
Unrealized loss on the cross currency swap	\$ (67,257)	\$ (21,051)	\$ (50,411)
Realized gain on the cross currency swap	8,481	9,382	11,209
Unrealized loss on foreign denominated borrowings	(2,421)	(1,190)	(1,119)
Realized gains (loss) on foreign denominated borrowings	527	(436)	4,708
Foreign currency exchange gain (loss) on vessel obligation	2,677	(6,326)	21,300
Write-off of debt issuance costs	(4,650)	(5,601)	(652)
Other	(998)	495	899
Other income (expense), net	\$ (63,641)	\$ (24,727)	\$ (14,066)

Refer to Note 17 Derivative Financial Instruments for further discussion regarding Dole's cross currency swap.

**Note 5 Discontinued Operations**

During the second quarter of 2008, Dole approved and committed to a formal plan to divest its fresh-cut flowers business. During the first quarter of 2009, the operations and the majority of the related assets of this business were sold. During the third quarter of 2010, Dole sold a building and a farm located in Colombia to the buyer of Dole's fresh-cut flowers business (refer to Note 9 Assets-Held-For-Sale). In addition, during fiscal 2007, Dole approved and committed to a formal plan to divest its citrus and pistachio operations ( Citrus ) located in central California. The operating results of Citrus were included in the fresh fruit operating segment. The sale of Citrus was completed during the third quarter of 2008.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

The operating results of fresh-cut flowers and Citrus for fiscal 2010, 2009 and 2008 are reported in the following table:

	<b>Fresh-Cut Flowers</b>	<b>Citrus (In thousands)</b>	<b>Total</b>
<i>2010</i>			
Revenues	\$ 1,347	\$	\$ 1,347
Income before income taxes	\$ 790	\$	\$ 790
Income taxes	(161)		(161)
Income from discontinued operations, net of income taxes	\$ 629	\$	\$ 629
Gain on disposal of discontinued operations, net of income taxes	\$ 2,957	\$	\$ 2,957
<i>2009</i>			
Revenues	\$ 4,154	\$	\$ 4,154
Income before income taxes	\$ 1,160	\$	\$ 1,160
Income taxes	479		479
Income from discontinued operations, net of income taxes	\$ 1,639	\$	\$ 1,639
Gain on disposal of discontinued operations, net of income taxes	\$ 1,308	\$	\$ 1,308
<i>2008</i>			
Revenues	\$ 106,919	\$ 5,567	\$ 112,486
Loss before income taxes	\$ (43,235)	\$ (1,408)	\$ (44,643)
Income taxes	16,936	316	17,252
Loss from discontinued operations, net of income taxes	\$ (26,299)	\$ (1,092)	\$ (27,391)
Gain on disposal of discontinued operations, net of income taxes	\$	\$ 3,315	\$ 3,315

Included in the fresh-cut flowers loss before income taxes for fiscal 2008 was \$17 million of impairment charges on the assets sold in the first phase of the Flowers transaction.

Net income attributable to noncontrolling interests included in Citrus income (loss) from discontinued operations was \$0.5 million for fiscal year 2009.



**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****Note 6 Charges for Restructuring and Long-Term Receivables**

Charges for restructuring and long-term receivables recorded during fiscal 2010 were as follows (in thousands):

Severance and other employee-related costs	\$ 6,668
Contract termination and other costs	4,458
Pension-related settlement charges	5,449
Asset write-downs	4,769
Restructuring	21,344
Long-term receivables	11,404
Total charges for restructuring and long-term receivables	\$ 32,748

***Charges for Restructuring***

As a result of continued challenging market conditions in Dole's fresh fruit operations, Dole committed to a restructuring plan during the third quarter of 2010 in its fresh fruit segment in Europe, Latin America and Asia. These restructuring efforts are designed to reduce costs by realigning fruit supply with expected demand. As part of these initiatives, Dole restructured certain farming operations in Latin America and Asia, reorganized its European operations and rationalized vessel charters. As a result of these various initiatives, beginning in fiscal 2011 Dole expects to realize annual cash savings in its fresh fruit segment. These savings are expected to result from lower production costs including lower labor costs on our farms and in our ports, enhanced farm productivity, lower distribution costs resulting from more efficient utilization of our shipping fleet, and lower selling and general and administrative costs as a result of streamlining its organization in Europe.

During the third and fourth quarter of 2010, Dole incurred costs of \$21.3 million related to these initiatives. Of these costs, \$11.1 million were paid or will be paid in cash, with the remaining amounts relate to the non-cash write-down of long-lived assets and deferred crop-growing costs of \$4.8 million as well as pension-related settlement charges of \$5.4 million. The write-down of long-lived assets included a \$1 million impairment charge for intangible assets due to the termination of certain customer relationships in Europe. Severance charges relating to employee terminations impacted approximately 2,100 employees.

Dole expects to continue restructuring operations beyond the fiscal 2010. Related to these efforts, Dole expects to incur additional restructuring charges of \$6.8 million and \$0.4 million during the fiscal 2011 and 2012, respectively. These additional charges will primarily consist of employee severance, pension-related settlement and contract termination costs.

A rollforward of activity for Dole's restructuring liabilities, which are classified in accrued liabilities in the accompanying consolidated balance sheets, is summarized as follows:

**Balance as of**

	<b>Balance as of June 19, 2010</b>	<b>Charges</b>	<b>Cash Payments (In thousands)</b>	<b>January 1, 2011</b>
Severance and other employee-related costs	\$	\$ 6,668	\$ (4,576)	\$ 2,092
Contract termination and other costs		4,458	(903)	3,555
Total	\$	\$ 11,126	\$ (5,479)	\$ 5,647



**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

A summary of the cash paid during fiscal 2010 and expected to be paid during fiscal 2011 for the restructuring initiatives is as follows:

	<b>Payments in Fiscal 2010</b>	<b>Expected Payments in Fiscal 2011 (In thousands)</b>	<b>Total</b>
Amounts accrued prior to the third quarter of 2010:			
Pension-related settlement charges	\$ 10,706	\$ 2,675	\$ 13,381
Amounts accrued during the third and fourth quarter of 2010:			
Severance and other employee-related costs	4,576	2,092	6,668
Contract termination and other costs	903	3,555	4,458
Amounts to be accrued in future periods:			
Severance and other employee-related costs		1,980	1,980
Contract termination and other costs		2,067	2,067
<b>Total</b>	<b>\$ 16,185</b>	<b>\$ 12,369</b>	<b>\$ 28,554</b>

The table above does not include pension-related settlement charges of \$5.4 million incurred in the third and fourth quarter of 2010 and pension-related settlement charges of \$1.7 million expected to be incurred during fiscal 2011.

***Charges for Long-Term Receivables***

During fiscal 2010, Dole reclassified gross receivables totaling \$19.1 million for a customer in Eastern Europe to long-term as the likelihood is that payment will not be received during the next year. During fiscal 2010, Dole recorded provisions for bad debt of \$11.4 million. During fiscal 2009, Dole recorded provisions for bad debt of \$4.4 million. The net receivable of \$3.3 million represents management's best estimate of its net realizable value after consideration of collateral securing the receivable. The net receivable is classified in other assets, net in the accompanying consolidated balance sheet as of January 1, 2011.

**Note 7 Income Taxes**

Income tax expense (benefit) on continuing operations was as follows:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
Current			
Federal, state and local	\$ 1,809	\$ 308	\$ 835

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Foreign	17,216	24,684	22,753
	19,025	24,992	23,588
Deferred			
Federal, state and local	4,032	(2,151)	(16,218)
Foreign	(74)	4,037	(3,723)
	3,958	1,886	(19,941)
Non-current income tax expense (benefit)	(9,589)	(4,194)	(51,662)
	\$ 13,394	\$ 22,684	\$ (48,015)

Pretax income (loss) attributable to foreign operations including earnings from discontinued operations, equity method investments and noncontrolling interests were (\$18.7) million, \$208 million and \$185.5 million for the years

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

ended January 1, 2011, January 2, 2010 and January 3, 2009, respectively. Dole has not provided for U.S. federal income and foreign withholding taxes on approximately \$2.3 billion of the excess of the amount for financial reporting over the tax basis of investments that are essentially permanent in duration. Generally, such amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. It is currently not practicable to estimate the amount of deferred tax liability related to investments in these foreign subsidiaries.

Dole's reported income tax expense (benefit) on continuing operations differed from the expense calculated using the U.S. federal statutory tax rate for the following reasons:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
Expense (benefit) computed at U.S. federal statutory income tax rate of 35%	\$ (9,702)	\$ 34,185	\$ 32,383
Foreign income taxed at different rates	24,535	(16,569)	(40,236)
State and local income tax, net of federal income taxes	(323)	(6,626)	(8,467)
Valuation allowances	5,108	12,708	9,787
2008 U.S. Appeals Settlement and other changes in liabilities for uncertain tax positions	(6,526)	(4,036)	(36,993)
Non-deductible goodwill, permanent items and other	302	3,022	(4,489)
Income tax expense (benefit)	\$ 13,394	\$ 22,684	\$ (48,015)

Deferred tax assets (liabilities) comprised the following:

	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Intangibles	\$ (296,944)	\$ (295,797)
Property, plant and equipment	(129,103)	(127,054)
Investment and other asset basis differences	11,805	14,261
Postretirement benefits	81,290	80,390
Operating accruals	57,405	51,458
Tax credit carryforwards	26,099	22,404
Net operating loss and other carryforwards	187,919	176,361
Valuation allowances	(195,066)	(172,785)
Other, net	67,767	54,691
	\$ (188,828)	\$ (196,071)

Dole has gross federal, state and foreign net operating loss carryforwards of \$270.1 million, \$853.6 million and \$195.6 million, respectively, at January 1, 2011. Dole has recorded deferred tax assets of \$94.8 million for federal net operating loss and other carryforwards, which, if unused, will expire between 2023 and 2029. Dole has recorded deferred tax assets of \$41 million for state operating loss carryforwards with varying expiration rules, which, if unused, approximately \$20.1 million will expire between 2011 and 2020. Dole has recorded deferred tax assets of \$0.6 million for state capital loss carryforwards primarily relating to the sale of its fresh-cut flowers operations, which if unused expires in 2014. Dole has recorded deferred tax assets of \$51.5 million for foreign net operating loss carryforwards which are subject to varying expiration rules. Tax credit carryforwards of \$26.1 million include foreign tax credit carryforwards of \$18.4 million which will expire in 2011, U.S. general business credit carryforwards of \$0.4 million which will expire between 2023 and 2029, \$0.4 million of alternative minimum tax credit carryforwards which can be carried forward indefinitely, state tax credit carryforwards of \$3.9 million of which \$0.9 million expires in 2026 and \$3 million can be carried forward indefinitely, and foreign minimum tax credit carryovers of \$3 million

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

which will expire between 2011 and 2013. Dole has recorded a U.S. deferred tax asset of \$49.4 million for disallowed interest expense which, although subject to certain limitations, can be carried forward indefinitely.

A valuation allowance has been established to offset foreign tax credit carryforwards, a portion of the federal net operating loss carryforwards, certain state net operating loss carryforwards, state capital loss carryforwards and certain other state deferred tax assets, certain foreign net operating loss carryforwards, minimum tax credit carryforwards, and certain other deferred tax assets in foreign jurisdictions. Dole has deemed it more likely than not that future taxable income in the relevant taxing jurisdictions will be insufficient to realize all of the related income tax benefits for these assets. The increase in valuation allowances in 2010 for equity related items was \$16.9 million.

Total deferred tax assets and deferred tax liabilities were as follows:

	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Deferred tax assets	\$ 611,191	\$ 581,884
Deferred tax asset valuation allowance	(195,066)	(170,162)
	416,125	411,722
Deferred tax liabilities	(604,953)	(607,793)
Net deferred tax liabilities	\$ (188,828)	\$ (196,071)
Total net current deferred tax assets consist of:		
Net current deferred tax assets	\$ 36,810	\$ 46,655
Net current deferred tax liabilities	(9,143)	(38,159)
Total net current deferred tax assets	27,667	8,496
Total net non-current deferred tax liabilities consist of:		
Net non-current deferred tax assets	27,829	365,066
Net non-current deferred tax liabilities	(244,324)	(569,633)
Total net non-current deferred tax liabilities	(216,495)	(204,567)
Total net deferred tax liabilities	\$ (188,828)	\$ (196,071)

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits was as follows:

<b>January 1, 2011</b>	<b>January 2, 2010</b>	<b>January 3, 2009</b>
----------------------------	----------------------------	----------------------------

	<b>(In thousands)</b>		
Unrecognized tax benefits opening balance	\$ 109,308	\$ 115,868	\$ 204,421
Gross increases tax positions in prior period	4,807	15,444	14,361
Gross decreases tax positions in prior period	(1,746)	(22,721)	(346)
Gross increases tax positions in current period	1,774	3,866	4,654
Settlements*		(278)	(105,139)
Lapse of statute of limitations	(7,723)	(2,871)	(2,083)
Unrecognized tax benefits ending balance	\$ 106,420	\$ 109,308	\$ 115,868

\* 2008 activity includes \$110 million reduction in gross unrecognized tax benefits due to the settlement of the federal income tax audit for the years 1995 to 2001 less a cash refund received of \$6 million on this settlement plus various state and foreign audit settlements totaling approximately \$1 million.

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

The total for unrecognized tax benefits, including interest and penalties, was \$132 million and \$138 million at January 1, 2011 and January 2, 2010, respectively. If recognized, approximately \$124 million, net of federal and state tax benefits, would be recorded as a component of income tax expense and accordingly impact the effective tax rate.

Dole recognizes accrued interest and penalties related to its unrecognized tax benefits as a component of income taxes in the accompanying consolidated statements of operations. Accrued interest and penalties before tax benefits were \$25.3 million and \$28.3 million at January 1, 2011 and January 2, 2010, respectively, and are included as a component of other long-term liabilities in the consolidated balance sheets. Interest and penalties recorded in Dole's consolidated statements of operations for 2010, 2009 and 2008 were (\$3) million, \$1.7 million, and (\$32.2) million, including the impact of the settlement, respectively.

Dole Food Company, Inc. or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, Dole is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to 2001.

*Income Tax Audits:* Dole believes its tax positions comply with the applicable tax laws and that it has adequately provided for all tax related matters. Matters raised upon audit may involve substantial amounts and could result in material cash payments if resolved unfavorably. Management considers it unlikely that the resolution of these matters will have a material adverse effect on Dole's results of operations.

*Internal Revenue Service Audit:* On August 27, 2009, the IRS completed its examination of Dole's U.S. federal income tax returns for the years 2002-2005 and issued a Revenue Agent's report (RAR) that includes various proposed adjustments, including with respect to the going-private merger transactions. The IRS is proposing that funding used in the going-private merger is taxable and that some related investment banking fees are not deductible. The net tax deficiency associated with the RAR is \$122 million, plus interest. On October 27, 2009, Dole filed a protest letter vigorously challenging the proposed adjustments contained in the RAR and is pursuing resolution of these issues with the Appeals Division of the IRS. Dole believes, based in part upon the advice of its tax advisors, that its tax treatment of such transactions was appropriate. Although the timing and ultimate resolution of any issues arising from the IRS examination are uncertain and are subject to settlement on mutually agreeable terms at any time, at this time Dole believes it is reasonably possible that the total amount of unrecognized tax benefits could decrease by approximately \$10 million to \$40 million within the next twelve months, of which a portion may result in a cash payment.

The Worker, Homeownership, and Business Assistance Act of 2009 signed into law on November 6, 2009, allows companies to carry back net operating losses for up to five years for losses incurred in taxable years beginning or ending in either 2008 or 2009. Dole estimates that this law effectively reduces the amount of the IRS claim from \$122 million to \$91 million. As noted, however, Dole is pursuing its objection to the proposed adjustments in the RAR.

*U.S. Legislation Enacted during 2010:* There was no material impact to Dole's current or deferred income taxes from legislation enacted in 2010, specifically the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act, Education Jobs and Medicaid Assistance Act, Patient Protection and Affordable Care Act, and the Health Care and Education Reconciliation Act.





**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****Note 8 Details of Certain Assets and Liabilities**

Details of receivables and inventories were as follows:

	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Receivables:		
Trade	\$ 596,879	\$ 609,269
Notes and other	125,856	126,559
Grower advances	41,272	38,260
Unrealized hedging gain	19,456	3,243
Income tax refund	4,335	206
	787,798	777,537
Allowance for doubtful accounts	(36,533)	(51,380)
	\$ 751,265	\$ 726,157
Inventories:		
Finished products	\$ 362,799	\$ 355,387
Raw materials and work in progress	119,222	100,843
Crop-growing costs	195,010	207,312
Operating supplies and other	57,935	54,649
	\$ 734,966	\$ 718,191

Accounts payable consists primarily of trade payables.

Accrued liabilities included the following:

	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Employee-related costs and benefits	\$ 138,584	\$ 101,142
Amounts due to growers	78,495	83,561
Marketing and advertising	78,070	70,534
Shipping related costs	56,139	53,821
Materials and supplies	35,954	35,604
Interest	31,140	37,708

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Unrealized interest rate swap and hedging losses	42,371	247
Unrealized cross currency swap	130,380	
Other	51,348	58,223
	\$ 642,481	\$ 440,840

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Other long-term liabilities were as follows:

	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Accrued postretirement and other employee benefits	\$ 262,263	\$ 271,247
Liability for unrecognized tax benefits	88,508	86,403
Unrealized cross currency swap and interest rate swap losses		84,149
Other	77,705	81,434
	<b>\$ 428,476</b>	<b>\$ 523,233</b>

**Note 9 Assets Held-for-Sale**

Dole continuously reviews its assets in order to identify those assets that do not meet Dole's future strategic direction or internal economic return criteria. As a result of this review, Dole has identified and is in the process of selling certain businesses and long-lived assets. Accordingly, Dole has reclassified these assets as held-for-sale.

Total assets held-for-sale by segment were as follows:

	<b>Fresh Fruit</b>	<b>Fresh Vegetables</b>	<b>Packaged Foods (In thousands)</b>	<b>Fresh-Cut Flowers Discontinued Operation</b>	<b>Total Assets Held-for-Sale</b>
Balance as of January 2, 2010	\$ 76,317	\$ 3,850	\$ 3,214	\$ 12,639	\$ 96,020
Additions	5,296				5,296
Reclassification		(3,251)			(3,251)
Write-down				(1,186)	(1,186)
Sales	(6,972)			(3,857)	(10,829)
Balance as of January 1, 2011	\$ 74,641	\$ 599	\$ 3,214	\$ 7,596	\$ 86,050

Assets held-for-sale included in Dole's consolidated balance sheet at January 1, 2011 consist of property, plant and equipment, net of accumulated depreciation. Due to challenges experienced in the global real estate and debt markets during 2010, certain assets remain classified in assets held-for-sale for greater than one year. Dole expects market conditions to improve during 2011, and as a result, continues to actively market these assets and classify them as assets held-for-sale.

Gains on asset sales by segment for fiscal 2010, 2009 and 2008 were as follows:

	<b>Fresh Fruit</b>	<b>Fresh Vegetables</b>	<b>Packaged Foods</b>	<b>Total from Continuing Operations</b>	<b>Discontinued Operations</b>	<b>Total</b>
	<b>(In thousands)</b>					
2010	\$ 3,017	\$	\$	\$ 3,017	\$ 4,143	\$ 7,160
2009	51,164	9,185	908	61,257	1,308	62,565
2008	25,463		1,513	26,976	3,315	30,291

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Proceeds from asset sales by segment for fiscal 2010, 2009 and 2008 were as follows:

	<b>Fresh Fruit</b>	<b>Fresh Vegetables</b>	<b>Packaged Foods</b>	<b>Total from Continuing Operations</b>	<b>Discontinued Operations</b>	<b>Total</b>
	<b>(In thousands)</b>					
2010	\$ 26,053	\$	\$	\$ 26,053	\$ 13,748	\$ 39,801
2009	112,248	44,534	1,876	158,658	21,097	179,755
2008	133,682		687	134,369	79,832	214,201

***Fresh Fruit***

During the year ended January 1, 2011, Dole added \$5.3 million to the assets held-for-sale balance in the fresh fruit reporting segment. These assets which were reclassified to held-for-sale consisted of approximately 1,000 acres of land in Hawaii.

Dole sold the following assets during the year ended January 1, 2011, which had been classified as held-for-sale: a farm and a facility in Chile and land in Hawaii. Dole received total cash proceeds from these sales of \$9 million and recorded a gain on the sale of \$1.9 million. In addition, Dole collected \$1.1 million during fiscal 2010 related to the sale of a Colombian container port yard sold in fiscal 2009 and recorded a gain of \$1.1 million. Dole also collected \$16 million in receivables during fiscal 2010 related to the sale of a portion of its Latin American banana operation and certain box plants completed during fiscal 2009.

At January 1, 2011, the assets held-for-sale balance in the fresh fruit reporting segment consists primarily of approximately 9,300 acres of land in Hawaii.

***Fresh Vegetables***

During 2010, Dole decided to cease to actively market a former headquarters facility located in California due to weakness in the California real estate market. As a result, the assets related to the California campus facility were reclassified from assets held-for-sale to property, plant, and equipment.

***Packaged Foods***

At January 1, 2011, the assets held-for-sale balance in the packaged foods reporting segment consists primarily of approximately 400 acres of peach orchards located in California.

***Fresh-Cut Flowers Discontinued Operation***

At January 1, 2011, the assets held-for-sale balance in the fresh-cut flowers discontinued operation consists of a portion of the real estate of the former flowers divisions. During 2010, Dole sold a building and a farm located in Colombia to the buyer of the flowers business. Dole received cash proceeds of \$6.5 million and recorded a gain of

approximately \$4.1 million, which is included as a component of gain on disposal of discontinued operations, net of income taxes in the consolidated statement of operations for the year ended January 1, 2011. In addition, Dole recorded a \$1.2 million write-down during 2010 related to land in Colombia. Dole also received cash proceeds of \$1.5 million related to the sale of land in Colombia.

During January 2009, the operations and the majority of the related assets of the fresh-cut flowers business were sold. Net proceeds from the sale totaled approximately \$29.3 million. Of this amount, \$21 million was collected in cash and the remaining \$8.3 million was recorded as a receivable, which was due in January 2011. Dole is currently renegotiating the terms of the note, including the timing of payment and the interest rate.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)*****Citrus Discontinued Operations***

During fiscal 2007, two of Dole's non-wholly-owned subsidiaries sold land parcels located in Central California to subsidiaries of Castle and Cooke, Inc. ( Castle ) for \$40.3 million, of which \$30.5 million was in cash and \$9.8 million was a note receivable. Castle is owned by David H. Murdock, Dole's Chairman. During 2010, Dole collected \$5.7 million which represented its share of the note receivable. The remaining \$4.1 note receivable balance was ultimately disbursed to Dole's minority partner during 2010 as a non-cash distribution.

**Note 10 Property, Plant and Equipment**

Major classes of property, plant and equipment were as follows:

	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Land and land improvements	\$ 482,368	\$ 521,045
Buildings and leasehold improvements	409,382	398,650
Machinery and equipment	830,415	798,787
Vessels and containers	168,842	192,146
Vessels and equipment under capital leases	90,196	91,593
Construction in progress	79,288	29,325
	2,060,491	2,031,546
Accumulated depreciation	(1,117,461)	(1,069,299)
	\$ 943,030	\$ 962,247

Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	<b>Years</b>
Land improvements	3 to 40
Buildings and leasehold improvements	3 to 50
Machinery and equipment	3 to 35
Vessels and containers	5 to 20
Vessels and equipment under capital leases	Shorter of useful life or life of lease

Depreciation expense on property, plant and equipment for continuing operations totaled \$110.4 million, \$115.8 million and \$133.4 million for the years ended January 1, 2011, January 2, 2010 and January 3, 2009, respectively. There was no depreciation expense on property, plant and equipment for discontinued operations for the

years ended January 1, 2011 and January 2, 2010, respectively. Depreciation expense on property, plant and equipment for discontinued operations totaled \$1.1 million for the year ended January 3, 2009.



Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****Note 11 Goodwill and Intangible Assets**

Goodwill has been allocated to Dole's reporting segments as follows:

	<b>Fresh Fruit</b>	<b>Fresh Vegetables</b>	<b>Packaged Foods</b>	<b>Total</b>
	<b>(In thousands)</b>			
Balance as of January 3, 2009	\$ 274,723	\$ 71,206	\$ 60,611	\$ 406,540
Acquisition of Distrifruit	6,207			6,207
Disposal of box plant operations	(5,500)			(5,500)
Balance as of January 2, 2010	\$ 275,430	\$ 71,206	\$ 60,611	\$ 407,247
Balance as of January 1, 2011	\$ 275,430	\$ 71,206	\$ 60,611	\$ 407,247

During May 2009, Dole acquired all of the assets of Distrifruit, a distributor of fresh fruit located in Romania, in exchange for trade receivables due from the seller. Dole acquired the assets primarily to gain access to the Romanian market. At the acquisition date, the total fair value of the assets acquired was \$10 million, consisting of \$2.9 million of inventory and property, plant and equipment, and \$7.1 million of intangible assets. The final allocation of the acquisition during fiscal 2009 resulted in recording \$1.1 million of an intangible asset associated with customer relationships and \$6.2 million of goodwill, including \$0.2 million of deferred taxes.

During the fourth quarter of 2009, Dole sold its box plant operations in Latin America. As a result of the sale, \$5.5 million of goodwill associated with these box plants was written off.

Details of Dole's intangible assets were as follows:

	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Amortized intangible assets:		
Customer relationships	\$ 38,501	\$ 39,631
Other amortized intangible assets	2,064	2,126
	40,565	41,757
Accumulated amortization - customer relationships	(27,605)	(23,989)
Other accumulated amortization	(1,494)	(1,530)
Accumulated amortization - intangible assets	(29,099)	(25,519)

Amortized intangible assets, net	11,466	16,238
Indefinite-lived intangible assets:		
Trademark and trade names	689,615	689,615
Total identifiable intangible assets, net	\$ 701,081	\$ 705,853

Amortization expense of intangibles totaled \$3.8 million, \$3.8 million and \$4.3 million for the years ended January 1, 2011, January 2, 2010 and January 3, 2009, respectively.

During the third quarter of 2010, Dole recorded a \$1 million impairment charge to intangible assets. Refer to Note 6 Charges for Restructuring and Long-Term Receivables for further discussion of the impairment charge.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

As of January 1, 2011, the estimated remaining amortization expense associated with Dole's intangible assets in each of the next five fiscal years was as follows (in thousands):

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$ 3,677
2012	\$ 3,677
2013	\$ 1,498
2014	\$ 842
2015	\$ 842

Dole performed its annual impairment test of goodwill and indefinite-lived intangible assets pursuant to FASB ASC Topic 350, *Intangibles - Goodwill and Other* (ASC 350), during the second quarter of fiscal 2010. This test indicated no impairment to goodwill or any of Dole's indefinite-lived intangible assets. As market conditions change, Dole continues to monitor and perform updates of its impairment testing of recoverability of goodwill and long-lived assets.

Due to a decline in operating results of the Fresh Fruit reporting unit during the fourth quarter of 2010, Dole tested the goodwill of this reporting unit for impairment. The test indicated that the goodwill of this reporting unit was not impaired as of January 1, 2011.

**Note 12 Notes Payable and Long-Term Debt**

Notes payable and long-term debt consisted of the following amounts:

	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Unsecured debt:		
8.875% notes due 2011		70,000
8.75% debentures due 2013	155,000	155,000
Secured debt:		
13.875% notes due 2014	227,437	227,437
8% notes due 2016	315,000	315,000
Revolving credit facility		
Term loan facilities	829,829	739,216
Contracts and notes, at a weighted average interest rate of 4.1% in 2010 (6% in 2009) through 2014	9,070	9,349
Capital lease obligations, at a weighted average interest rate of 2.6% in 2010 (3.5% in 2009)	59,552	65,065
Notes payable, at a weighted average interest rate of 3.5% in 2010 (7.3% in 2009)	31,922	37,308
Unamortized debt discount	(24,215)	(20,370)

Current maturities	1,603,595 (39,270)	1,598,005 (45,325)
	\$ 1,564,325	\$ 1,552,680

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

***Notes Payable***

Dole borrows funds primarily on a short-term basis to finance current operations. The terms of these borrowings range from one month to three months. Dole's notes payable at January 1, 2011 consist primarily of foreign borrowings in Asia and Latin America.

***2010 Debt Refinancing***

On March 2, 2010, Dole amended its senior secured credit facilities. The amended senior secured credit facilities provided \$850 million of term loan facilities due 2017 and a \$350 million revolving credit facility due 2014.

***Notes and Debentures***

In March 2003, Dole issued \$475 million aggregate principal amount of 2011 Notes. The 2011 Notes were issued at par. In 2005 in conjunction with an amendment and restatement of its senior secured credit agreement, Dole repurchased \$275 million of its 2011 Notes. On November 30, 2009, Dole redeemed \$130 million of the 2011 Notes. This redemption was paid for with net proceeds from Dole's IPO. On March 2, 2010, Dole called for redemption all of the remaining 2011 Notes. On April 1, 2010, Dole redeemed the remaining \$70 million of the 2011 Notes outstanding with the proceeds from the senior secured credit facilities amendments.

In July 1993, Dole issued and sold debentures due 2013 ( 2013 Debentures ). The 2013 Debentures are not redeemable prior to maturity and were issued at 99.37% of par.

On March 18, 2009, Dole completed the sale and issuance of \$350 million aggregate principal amount of 13.875% Senior Secured Note due 2014 at a discount of \$25 million. The 2014 Notes were sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States in compliance with Regulation S under the Securities Act. The sale was exempt from the registration requirements of the Securities Act. Interest on the 2014 Notes is paid semiannually in arrears on March 15 and September 15 of each year. The 2014 Notes have the benefit of a lien on certain U.S. assets of Dole that is junior to the liens of Dole's senior secured credit facilities (revolving credit and term loan facilities) and pari passu with the liens of the 2016 Notes, and are senior obligations of Dole ranking equally with Dole's existing senior debt. On November 30, 2009, Dole redeemed \$122.5 million of the 2014 Notes with proceeds from Dole's IPO and incurred a prepayment penalty of \$17 million which was recorded in debt retirement costs incurred in connection with initial public offering in the consolidated statement of operations for the year ending January 2, 2010.

On September 25, 2009, Dole completed the sale and issuance of \$315 million aggregate principal amount of 8% Senior Secured Notes due 2016 at a discount of \$6.2 million. The 2016 Notes were sold to qualified institutional investors pursuant to Rule 144A under the Securities Act of 1933 ( Securities Act ) and to persons outside the United States in compliance with Regulation S under the Securities Act. The sale was exempt from the registration requirements of the Securities Act. Interest on the 2016 Notes is paid semiannually in arrears on April 1 and October 1 of each year. The 2016 Notes will mature on October 1, 2016. The 2016 Notes have the benefit of a lien on certain U.S. assets of Dole that is junior to the liens of Dole's senior secured credit facilities (revolving credit and term loan facilities) and pari passu with the liens of the 2014 Notes, and are senior obligations ranking equally with Dole's existing senior debt.

Interest on the notes and debentures is paid semi-annually. None of Dole's notes or debentures are subject to any sinking fund requirements. The notes and debentures are guaranteed by Dole's wholly-owned domestic subsidiaries (Refer to Note 25).

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)*****Term Loans and Revolving Credit Facility***

As of January 1, 2011, the term loan facilities consisted of \$238.2 million of Term Loan B and \$591.6 million of Term Loan C. The term loan facilities bear interest, at Dole's option, at a rate per annum equal to either (i) London Interbank Offer Rate (LIBOR) plus a base rate of 3.25%, with a LIBOR floor of 1.75%; or (ii) the base rate plus 2.25%. Interest on the term loan facilities is payable quarterly in arrears. The weighted average variable interest rate at January 1, 2011 for Term Loan B and Term Loan C was 5.05%. The term loan facilities require quarterly principal payments, plus a balloon payment due in 2017. Dole has an interest rate swap to hedge future changes in interest rates and a cross currency swap to lower the U.S. dollar fixed interest rate to a Japanese yen fixed interest rate on Term Loan C through June 2011. Refer to Note 17 Derivative Financial Instruments for additional information related to these instruments.

As of January 1, 2011, the asset-based lending senior secured revolving credit facility (ABL revolver) borrowing base was \$254.2 million. There were no borrowings under the ABL revolver at January 1, 2011. Amounts outstanding under the ABL revolver bear interest, at Dole's option, at a rate per annum equal to either (i) LIBOR plus 3.00% to 3.50%, or (ii) a base rate plus 2.00% to 2.50%, in each case, based upon Dole's historical borrowing availability under this facility. The ABL revolver matures in March 2014. After taking into account approximately \$141 million of outstanding letters of credit issued under the ABL revolver, Dole had approximately \$113.2 million available for borrowings as of January 1, 2011. During the third quarter of 2010, Dole's \$100 million pre-funded letter of credit facility expired and substantially all of the outstanding letters of credit and bank guarantees were transferred to Dole's ABL revolver. In connection with the expiration of the pre-funded letter of credit facility, Dole entered into a \$45 million (\$59.8 million) letter of credit facility during the third quarter of 2010 to support the bank guaranty issued in the same amount associated with the European Commission's Decision in 2009. Refer to Note 19 Contingencies for further discussion of the European Union Antitrust Inquiry.

A commitment fee, which fluctuated between 0.5% and 0.75%, was paid based on the total unused portion of the revolving credit facility. Dole paid a total of \$5.4 million, \$4.3 million and \$1 million in commitment and facility fees for the years ended January 1, 2011, January 2, 2010 and January 3, 2009.

The revolving credit facility and term loan facilities are collateralized by substantially all of Dole's tangible and intangible assets, other than certain intercompany debt, certain equity interests and each of Dole's U.S. manufacturing plants and processing facilities that has a net book value exceeding 1% of Dole's net tangible assets.

***Capital Lease Obligations***

At January 1, 2011 and January 2, 2010, included in capital lease obligations were \$57 million and \$62.2 million, respectively, of vessel financing related to two vessel leases denominated in British pound sterling. The decrease in the capital lease obligation was primarily due to the weakening of the British pound sterling against the U.S. dollar during 2010, which resulted in Dole recognizing a gain of \$2.7 million. This gain was recorded as other income (expense), net in the consolidated statement of operations. The interest rates on these leases are based on LIBOR plus a spread. The remaining \$2.5 million of capital lease obligations relate primarily to machinery and equipment. Interest rates under these leases are fixed. The capital lease obligations are collateralized by the underlying leased assets. Total payments, including principal and interest, through the remaining life of the lease total approximately \$68.9 million. These leases expire in 2026.

*Covenants*

Provisions under the senior secured credit facilities and the indentures governing Dole's senior notes and debentures require Dole to comply with certain covenants. These covenants include limitations on, among other things, indebtedness, investments, loans to subsidiaries, employees and third parties, the issuance of guarantees and the payment of dividends. The ABL revolver also contains a springing covenant, which would not be effective unless the availability under the ABL revolver were to fall below the greater of \$37.5 million and 12.5% of the Total



**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Commitment (as defined) for any three consecutive business days. To date, the springing covenant had never been effective and Dole does not currently anticipate that the springing covenant will become effective.

In addition, as a result of the March 2, 2010 amendments to Dole's senior secured credit facilities, Dole is subject to a maximum total leverage and a minimum interest coverage ratio. At January 1, 2011, Dole's total leverage ratio was 4.1x and interest coverage ratio was 2.44x as compared with the required maximum total leverage ratio of 4.75x and the minimum interest coverage ratio of 1.75x.

A breach of a covenant or other provision in any debt instrument governing our current or future indebtedness could result in a default under that instrument and, due to customary cross-default and cross-acceleration provisions, could result in a default under Dole's other debt instruments. Upon the occurrence of an event of default under the senior secured credit facilities or other debt instrument, the lenders or holders of such other debt instruments could elect to declare all amounts outstanding to be immediately due and payable and terminate all commitments to extend further credit. If Dole were unable to repay those amounts, the lenders could proceed against the collateral granted to them, if any, to secure the indebtedness. If the lenders under Dole's current indebtedness were to accelerate the payment of the indebtedness, Dole cannot give assurance that its assets would be sufficiently liquid to repay in full its outstanding indebtedness on an accelerated basis. As a result of the IPO and related transactions, all potential cross-defaults and cross-acceleration provisions that existed between Dole's debt instruments and indebtedness of Holdings and its affiliates have been eliminated.

***Debt Issuance Costs***

In connection with the March 2, 2010 amendments of the senior secured credit facilities, Dole incurred debt issuance costs of \$17 million. During 2009, Dole incurred debt issuance costs of \$25.5 million in connection with the issuance of the 2016 Notes as well as the issuance of the 2014 Notes and the amendment of Dole's senior secured credit facilities. Debt issuance costs are capitalized and amortized into interest expense over the term of the underlying debt. During the year ended January 1, 2011, January 2, 2010 and January 3, 2009, Dole amortized deferred debt issuance costs of \$6.6 million, \$5.5 million and \$4.1 million respectively.

Dole wrote off \$4.6 million of deferred debt issuance costs during the year ended January 1, 2011 resulting from the amendment of the senior secured credit facilities as well as the refinancing of the term loan facilities in connection with the amendments. The refinancing of the term loans and a portion of the ABL revolver, as a result of the amendments, was accounted for as extinguishment of debt. The write-off related to these amendments was recorded in other income (expense), net in the consolidated statement of operations for the year ending January 1, 2011.

Dole wrote off \$18.1 million of deferred debt issuance costs during the year ended January 2, 2010 resulting from the early retirement of debt and the amendment of its senior secured credit facilities. The amendment was accounted for as an extinguishment of debt. \$5.6 million of the write-off related to these amendments was recorded in other income (expense), net and the remaining \$12.5 million was recorded in debt retirement costs incurred in connection with initial public offering in the consolidated statement of operations for the year ending January 2, 2010.

Debt discounts on term loan facilities in connection with the 2010 amendments of the senior secured credit facilities totaled \$8.5 million. Debt discounts are amortized into interest expense over the term of the underlying debt. During the year ended January 1, 2011, January 2, 2010 and January 3, 2009, Dole amortized debt discounts of \$4.7 million, \$3.1 million and \$0.3 million, respectively.

***Fair Value of Debt***

Dole estimates the fair value of its unsecured notes and debentures based on current quoted market prices. The term loans are traded between institutional investors on the secondary loan market, and the fair values of the term loans are based on the last available trading price.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

The carrying value and estimated fair values of Dole's debt is summarized below:

	January 1, 2011		January 2, 2010	
	Carrying Values	Estimated Fair Values	Carrying Values	Estimated Fair Values
	(In thousands)			
Secured and unsecured notes and debentures	\$ 680,674	\$ 774,873	\$ 747,067	\$ 824,412
Term loans	822,377	844,351	739,216	743,836

Carrying values for the secured and unsecured notes and debentures are net of debt discounts.

***Maturities of Notes Payable and Long-Term Debt***

Maturities with respect to notes payable and long-term debt as of January 1, 2011 were as follows (in thousands):

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$ 39,270
2012	10,123
2013	162,312
2014	237,220
2015	10,095
Thereafter	1,144,575
Total	\$ 1,603,595

***Other***

In addition to amounts available under the revolving credit facility, Dole's subsidiaries have uncommitted lines of credit of approximately \$126.3 million at various local banks, of which \$90.6 million was available at January 1, 2011. These lines of credit are used primarily for short-term borrowings, foreign currency exchange settlement and the issuance of letters of credit or bank guarantees. Several of Dole's uncommitted lines of credit expire in 2011 while others do not have a commitment expiration date. These arrangements may be cancelled at any time by Dole or the banks. Dole's ability to utilize these lines of credit may be impacted by the terms of its senior secured credit facilities and bond indentures.

**Note 13 Employee Benefit Plans**

Dole sponsors a number of defined benefit pension plans covering certain employees worldwide. Benefits under these plans are generally based on each employee's eligible compensation and years of service, except for certain plans covering union employees, which are based on negotiated benefits. In addition to pension plans, Dole has other

postretirement benefit ( OPRB ) plans that provide certain health care and life insurance benefits for eligible retired employees. Covered employees may become eligible for such benefits if they fulfill established requirements upon reaching retirement age.

Dole sponsors one qualified pension plan for U.S. employees, which is funded. All but one of Dole s international pension plans and all of its OPRB plans are unfunded.

Substantially all pension benefits for U.S. employees were frozen in 2002. There were fewer than 200 employees who continue to earn benefits under the terms of collective bargaining agreements at January 1, 2011.

Dole uses a December 31 measurement date for all of its plans.

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

***Pension Protection Act of 2006 and Worker, Retiree, and Employer Recovery Act of 2008***

In August 2006, the Pension Protection Act of 2006 was signed into law. This legislation changed the method of valuing the U.S. qualified pension plan assets and liabilities for funding purposes, as well as the minimum funding requirements. The Worker, Retiree, and Employer Recovery Act of 2008 was signed into law in December 2008. The combined effect of these laws will be larger contributions over the next seven to eight years, with the goal of being fully funded by the end of that period. The amount of unfunded liability in future years will be affected by future contributions, demographic changes, investment returns on plan assets, and interest rates, so full funding may be achieved sooner or later. Dole anticipates funding pension contributions with cash from operations.

As a result of the Pension Protection Act of 2006, Dole anticipates making contributions to its U.S. qualified plan averaging approximately \$9.5 million per year over the next eight years. Dole also anticipates that certain forms of benefit payments, such as lump sums, will be partially restricted over the next few years.

***OPRB Plan Amendment***

During the fourth quarter of 2008, Dole amended its domestic OPRB Plan. This amendment became effective January 1, 2009. Dole replaced health care coverage (including prescription drugs) for Medicare eligible retirees and surviving spouses who are age 65 and older with a new Health Reimbursement Arrangement ( HRA ), whereby each participant is provided an annual amount in an HRA account. This plan amendment reduced the January 2, 2009 benefit obligation by \$19.1 million. Based on the 2010 discount rate, this reduction in benefit obligation will result in a reduction in OPRB expense of approximately \$3.7 million for each of the next 6 years and by \$1 million for each year thereafter.



Amounts recognized in the  
Consolidated Balance Sheets:

Current liabilities	\$ (2,515)	\$ (2,481)	\$ (7,595)	\$ (6,823)	\$ (4,051)	\$ (4,118)
Long-term liabilities	(110,881)	(111,502)	(91,171)	(84,261)	(37,986)	(38,015)
	\$ (113,396)	\$ (113,983)	\$ (98,766)	\$ (91,084)	\$ (42,037)	\$ (42,133)

During 2009, Dole sold box plant operations in Latin America, which had defined benefit plans. The sales have been reflected in the tables above as divestitures.

Amounts recognized in accumulated other comprehensive loss were as follows:

	U.S. Pension Plans		International Pension Plans		OPRB Plans	
	Year Ended January 1, 2011	Year Ended January 2, 2010	Year Ended January 1, 2011	Year Ended January 2, 2010	Year Ended January 1, 2011	Year Ended January 2, 2010
			(In thousands)			
Net actuarial loss (gain)	\$ 104,090	\$ 94,032	\$ 12,980	\$ 7,621	\$ (2,798)	\$ (4,123)
Prior service cost (benefit)			3,989	3,766	(19,231)	(22,755)
Net transition obligation			6	33		
Income taxes	(35,709)	(35,709)	(1,696)	(677)	10,205	10,205
Total	\$ 68,381	\$ 58,323	\$ 15,279	\$ 10,743	\$ (11,824)	\$ (16,673)

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

All of Dole's pension plans were underfunded at January 1, 2011, having accumulated benefit obligations exceeding the fair value of plan assets. The accumulated benefit obligation for all defined benefit pension plans was \$386.1 million and \$366.4 million at January 1, 2011 and January 2, 2010, respectively. The aggregate projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were as follows:

	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Projected benefit obligation	\$ 412,087	\$ 392,187
Accumulated benefit obligation	\$ 386,129	\$ 366,445
Fair value of plan assets	\$ 199,925	\$ 187,120

***Components of Net Periodic Benefit Cost and Other Changes Recognized in Other Comprehensive Loss***

The components of net periodic benefit cost and other changes recognized in other comprehensive loss for Dole's U.S. and international pension plans and OPRB plans were as follows:

	<b>U.S. Pension Plans</b>			<b>International Pension Plans</b>		
	<b>Year Ended January 1, 2011</b>	<b>Year Ended January 2, 2010</b>	<b>Year Ended January 3, 2009</b>	<b>Year Ended January 1, 2011</b>	<b>Year Ended January 2, 2010</b>	<b>Year Ended January 3, 2009</b>
	<b>(In thousands)</b>					
Components of net periodic benefit cost:						
Service cost	\$ 197	\$ 166	\$ 149	\$ 5,988	\$ 6,306	\$ 7,069
Interest cost	15,677	17,246	18,481	7,015	7,468	10,314
Expected return on plan assets	(16,356)	(16,892)	(18,139)	(454)	(428)	(2,378)
Amortization of:						
Unrecognized net loss	3,853	268	1,485	463	569	493
Unrecognized prior service cost			1	697	333	79
Unrecognized net transition obligation				25	49	59
Curtailements, settlements and terminations, net				2,099	458	918
Restructuring related settlements				5,449		
	\$ 3,371	\$ 788	\$ 1,977	\$ 21,282	\$ 14,755	\$ 16,554



## Other changes recognized in other comprehensive loss:

Net loss (gain)	\$ 13,911	\$ 19,916	\$ 33,115	\$ 13,597	\$ (855)	\$ 3,030
Prior service cost				1,217	376	3,449
Amortization of:						
Net loss (gain)	(3,853)	(268)	(1,485)	(8,415)	(3,176)	698
Prior service cost			(1)	(1,028)	(333)	(79)
Transition obligation				(25)	(49)	(59)
Foreign currency adjustment				209	66	(159)
Income taxes		(7,815)	(11,860)	(1,019)	(93)	(376)

## Total recognized in other comprehensive loss

	\$ 10,058	\$ 11,833	\$ 19,769	\$ 4,536	\$ (4,064)	\$ 6,504
--	-----------	-----------	-----------	----------	------------	----------

## Total recognized in net periodic benefit cost and other comprehensive loss, net of income taxes

	\$ 13,429	\$ 12,621	\$ 21,746	\$ 25,818	\$ 10,691	\$ 23,058
--	-----------	-----------	-----------	-----------	-----------	-----------

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

	<b>Year Ended January 1, 2011</b>	<b>OPRB Plans Year Ended January 2, 2010 (In thousands)</b>	<b>Year Ended January 3, 2009</b>
Components of net periodic benefit cost:			
Service cost	\$ 82	\$ 143	\$ 284
Interest cost	2,343	2,632	3,921
Amortization of:			
Net loss (gain)	(117)	(506)	(8)
Prior service benefit	(3,524)	(3,491)	(914)
Curtailements, settlements and terminations, net			(158)
	\$ (1,216)	\$ (1,222)	\$ 3,125
Other changes recognized in other comprehensive loss:			
Net loss (gain)	\$ 1,208	\$ 3,461	\$ (1,963)
Prior service benefit		(739)	(20,960)
Amortization of:			
Net loss (gain)	117	506	8
Prior service benefit	3,524	3,491	914
Income taxes		(3,055)	9,936
Total recognized in other comprehensive loss	\$ 4,849	\$ 3,664	\$ (12,065)
Total recognized in net periodic benefit cost and other comprehensive loss, net of income taxes	\$ 3,633	\$ 2,442	\$ (8,940)

The estimated actuarial net gain or loss, prior service benefit and transition obligation for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year is \$7.9 million of expense. The estimated actuarial net gain and prior service benefit for the OPRB plans that will be amortized from accumulated other comprehensive loss into periodic benefit cost over the next fiscal year is \$3.5 million of income.

**Assumptions**

Weighted average assumptions used to determine benefit obligations were as follows:

<b>U.S. Pension Plans</b>	<b>International Pension Plans</b>	<b>OPRB Plans</b>
-------------------------------	--	-------------------

Edgar Filing: DOLE FOOD CO INC - Form 10-K

	2010	2009	2010	2009	2010	2009
Discount rate	5.00%	5.50%	7.06%	7.70%	5.22%	5.85%
Rate of compensation increase			5.24%	5.37%		

Weighted average assumptions used to determine net periodic benefit cost were as follows:

	U.S. Pension Plans			International Pension Plans			OPRB Plans		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Discount rate	5.50%	6.75%	6.25%	7.70%	8.30%	8.47%	5.85%	7.03%	6.44%
Compensation increase		2.50%	2.50%	5.37%	6.00%	5.85%			
Rate of return on plan assets	8.00%	8.00%	8.00%	10.00%	10.00%	7.70%			

86

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

International plan discount rates, assumed rates of increase in future compensation and expected long-term return on assets differ from the assumptions used for U.S. plans due to differences in the local economic conditions in the countries in which the international plans are based. The assumption for the rate of compensation increase of 0% through 2011 and 2.5% thereafter on the U.S. plans represents the rate associated with those participants whose benefits are negotiated under collective bargaining arrangements.

The accumulated pension benefit obligation for Dole's U.S. OPRB plan were determined using the following assumed annual rate of increase in the per capita cost of covered health care benefits:

	2011	2010
Health care costs trend rate assumed for next year	7.5%	8.0%
Rate of increase to which the cost of benefits is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2016	2016

The health care plan offered to retirees in the U.S. who are age 65 or older was changed effective January 1, 2009 to provide the reimbursement of health care expenses up to a certain fixed amount. There is no commitment to increase the fixed dollar amount and no increase was assumed in determining the accumulated pension benefit obligation. Therefore, the trend rate applies only to benefits for U.S. retirees prior to age 65 and to foreign retirees.

A one-percentage-point change in assumed health care cost trend rates would have the following impact on Dole's OPRB plans:

	<b>One-Percentage-Point Increase</b>	<b>One-Percentage-Point Decrease</b>
	<b>(In thousands)</b>	
Increase (decrease) in service and interest cost	\$ 103	\$ (90)
Increase (decrease) in postretirement benefit obligation	\$ 2,016	\$ (1,743)

***Plan Assets***

The following is the target asset mix for Dole's U.S. pension plan, which management believes provides the optimal tradeoff of diversification and long-term asset growth:

<b>Asset Class</b>	<b>Target Allocation</b>
Fixed income securities	40%
Equity securities	55%
Private equity and venture capital funds	5%

Dole's U.S. pension plan weighted average asset allocations by asset category were as follows:

Asset Class	Plan Assets at	
	January 1, 2011	January 2, 2010
Fixed income securities	41%	47%
Equity securities	55%	52%
Private equity and venture capital funds	4%	1%
Total	100%	100%

The plan's asset allocation includes a mix of fixed income investments designed to reduce volatility and equity investments designed to maintain funding ratios and long-term financial health of the plan. The equity investments are diversified across U.S. and international stocks as well as growth, value, and small and large capitalizations.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Private equity and venture capital funds are used to enhance long-term returns while improving portfolio diversification. Dole employs a total return investment approach whereby a mix of fixed income and equity investments is used to maximize the long-term return of plan assets with a prudent level of risk. The objectives of this strategy are to achieve full funding of the accumulated benefit obligation, and to achieve investment experience over time that will minimize pension expense volatility and minimize Dole's contributions required to maintain full funding status. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies and quarterly investment portfolio reviews.

The pension plan did not hold any of Dole's common stock at January 1, 2011 and January 2, 2010.

Dole determines the expected return on pension plan assets based on an expectation of average annual returns over an extended period of years. Dole also considers the weighted-average historical rate of returns on securities with similar characteristics to those in which Dole's pension assets are invested.

Dole applies the 10% corridor approach to amortize unrecognized actuarial gains (losses) on both its U.S. and international pension and OPRB plans. Under this approach, only actuarial gains (losses) that exceed 10% of the greater of the projected benefit obligation or the market-related value of the plan assets are amortized. The amortization period is based on the average remaining service period of active employees expected to receive benefits under each plan or over the life expectancy of inactive participants where all, or nearly all, participants are inactive. For the year ended January 1, 2011, the average remaining service period used to amortize unrecognized actuarial gains (losses) for its domestic plans was approximately 10 years.

***Plan Contributions and Estimated Future Benefit Payments***

During 2010, Dole contributed \$12.3 million to its qualified U.S. pension plan. These contributions were made to comply with minimum funding requirements under the Internal Revenue Code. Dole expects to contribute approximately \$15.3 million to its U.S. qualified plan in 2011. Dole intends to make future contributions to the U.S. pension plan that will satisfy the minimum funding requirements. Future contributions to the U.S. pension plan in excess of the minimum funding requirement are voluntary and may change depending on Dole's operating performance or at management's discretion. Dole expects to make \$16.8 million of contributions related to its other U.S. and foreign pension and OPRB plans in 2011.

The following table presents estimated future benefit payments:

Fiscal Year	U.S. Pension Plans	International	
		Pension Plans (In thousands)	OPRB Plans
2011	\$ 23,402	\$ 10,227	\$ 4,051
2012	23,271	9,578	3,945
2013	22,701	9,261	3,881

2014	22,330	10,416	3,796
2015	22,099	10,579	3,678
2016-2020	106,396	54,777	15,959
Total	\$ 220,199	\$ 104,838	\$ 35,310

***Defined Contribution Plans***

Dole offers defined contribution plans to eligible employees. Such employees may defer a percentage of their annual compensation in accordance with plan guidelines. Some of these plans provide for a Company match that is subject to a maximum contribution as defined by the plan. Company contributions to its defined contribution plans

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

totaled \$6.5 million, \$6.5 million and \$8.1 million in the years ended January 1, 2011, January 2, 2010 and January 3, 2009, respectively.

***Multi-Employer Plans***

Dole is also party to various industry-wide collective bargaining agreements that provide pension benefits. Total contributions to these plans for eligible participants were approximately \$2 million, \$2.2 million and \$1.6 million in the years ended January 1, 2011, January 2, 2010 and January 3, 2009, respectively.

**Note 14 Shareholders Equity**

Dole's authorized share capital as of January 1, 2011 consisted of 310 million shares, of which 300 million were designated as \$0.001 par value common stock, and 10 million were designated as \$0.001 per value preferred stock. Of the 300 million common shares authorized, 88.6 million shares were issued and outstanding (included in this balance are 1,038,238 restricted stock awards which are outstanding but pending vesting) at January 1, 2011. Of the 10 million preferred shares authorized, there were no shares issued and outstanding at January 1, 2011.

***Dividends***

On June 22, 2009, Dole declared a dividend of \$15 million to its former parent, Holdings. Dole paid \$7.5 million on June 23, 2009, \$2.5 million on July 20, 2009, \$3.5 million on August 18, 2009 and the remaining \$1.5 million on August 31, 2009. Dole did not declare or pay a dividend during the years ended January 1, 2011 and January 3, 2009. Dole's ability to declare and pay future dividends is subject to limitations contained in its senior secured credit facilities and bond indentures. At present, under such limitations, Dole could not declare or pay dividends exceeding \$25 million in the aggregate.

***Initial Public Offering***

During October, 2009, Dole sold 35,715,000 common shares in an initial public offering at \$12.50 per share and received net proceeds of \$415 million. Dole used the net proceeds to pay down indebtedness. Immediately prior to the IPO closing, Dole completed certain merger and transfer transactions, and as a result, Holdings was merged into Dole. In the merger, each share of the 1,000 shares of common stock previously held by Holdings were converted into 51,710 shares of Dole common stock, and all outstanding common stock immediately prior to the merger were cancelled. Dole's chairman, David H. Murdock, and his affiliates beneficially own 51,710,000 common shares, or approximately 58.6% of Dole's outstanding common shares. The transfer transactions, among other things, included a transfer of land (and taxes related to the transfer) to an affiliated entity of Mr. Murdock of \$6 million and the deemed assumption of \$85 million of the Hotel Loan. Furthermore, as a result of the merger, the net operating loss carryforwards of Holdings incurred prior to the merger became available to Dole and have been recorded as net deferred tax assets. The net deferred tax assets, net of valuation allowances of \$33.8 million were recorded as a capital contribution.

The transfer of land was not effectuated during 2010 and was mutually agreed by all parties not to proceed further. Therefore, the property and related taxes continue to belong to a subsidiary of Dole.

***Comprehensive Income (Loss)***



Comprehensive income (loss) consists of changes to shareholders' equity, other than contributions from or distributions to shareholders, and net income (loss). Dole's other comprehensive income (loss) principally consists of unrealized foreign currency translation gains and losses, unrealized gains and losses on cash flow hedging instruments, and minimum pension liability. The components of, and changes in, accumulated other comprehensive income (loss) are presented in Dole's Consolidated Statements of Shareholders' Equity.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****Note 15 Business Segments**

Dole has three reportable operating segments: fresh fruit, fresh vegetables and packaged foods. These reportable segments are managed separately due to differences in their products, production processes, distribution channels and customer bases.

Management evaluates and monitors segment performance primarily through, among other measures, earnings before interest expense and income taxes ( EBIT ). EBIT is calculated by adding interest expense and income taxes to income (loss) from continuing operations. Management believes that segment EBIT provides useful information for analyzing the underlying business results as well as allowing investors a means to evaluate the financial results of each segment in relation to Dole as a whole. EBIT is not defined under U.S. Generally Accepted Accounting Principles ( U.S. GAAP ) and should not be considered in isolation or as a substitute for net income or cash flow measures prepared in accordance with U.S. GAAP or as a measure of Dole s profitability. Additionally, Dole s computation of EBIT may not be comparable to other similarly titled measures computed by other companies, because not all companies calculate EBIT in the same manner.

In the tables below, only revenues from external customers and EBIT reflect results from continuing operations. Total assets, depreciation and amortization and capital additions reflect results from continuing and discontinued operations for fiscal 2010, 2009 and 2008.

The results of operations and financial position of the three reportable operating segments and corporate were as follows:

***Results of Operations:***

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
Revenues from external customers:			
Fresh fruit	\$ 4,715,468	\$ 4,710,924	\$ 5,401,145
Fresh vegetables	1,055,066	1,024,526	1,086,888
Packaged foods	1,121,417	1,041,853	1,130,791
Corporate	663	1,218	1,128
	<b>\$ 6,892,614</b>	<b>\$ 6,778,521</b>	<b>\$ 7,619,952</b>
EBIT:			
Fresh fruit	\$ 122,091	\$ 305,353	\$ 305,765
Fresh vegetables	29,930	9,359	1,100
Packaged foods	106,960	105,491	70,984
Total operating segments	258,981	420,203	377,849
Corporate:			
Unrealized loss on cross currency swap	(67,257)	(21,051)	(50,411)

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Unrealized loss on foreign denominated instruments	(3,173)	(612)	(1,119)
Debt retirement costs in connection with initial public offering		(30,551)	
Operating and other expenses	(44,959)	(54,504)	(52,924)
Total Corporate	(115,389)	(106,718)	(104,454)
Interest expense	(163,950)	(205,715)	(174,485)
Income taxes	(13,394)	(22,684)	48,015
Income (loss) from continuing operations, net of income taxes	\$ (33,752)	\$ 85,086	\$ 146,925

Corporate EBIT includes general and administrative costs not allocated to operating segments.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Substantially all of Dole's earnings from equity method investments, which have been included in EBIT in the table above, relate to the fresh fruit operating segment.

**Financial Position:**

	<b>January 1, 2011</b>	<b>January 2, 2010</b>	<b>January 3, 2009</b>
		<b>(In thousands)</b>	
Total assets:			
Fresh fruit	\$ 2,149,345	\$ 2,165,234	\$ 2,322,899
Fresh vegetables	403,252	396,449	460,221
Packaged foods	678,929	645,349	686,801
Total operating segments	3,231,526	3,207,032	3,469,921
Corporate	1,017,868	887,352	832,709
Fresh-cut flowers discontinued operations	7,596	12,639	61,989
	\$ 4,256,990	\$ 4,107,023	\$ 4,364,619

Depreciation and amortization and capital additions by segment were as follows:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>(In thousands)</b>	
Depreciation and amortization:			
Fresh fruit	\$ 69,057	\$ 74,437	\$ 90,289
Fresh vegetables	20,908	19,869	19,420
Packaged foods	22,172	22,898	25,419
Total operating segments	112,137	117,204	135,128
Corporate	2,102	2,368	2,532
Discontinued operations			1,168
	\$ 114,239	\$ 119,572	\$ 138,828
Capital additions:			
Fresh fruit	\$ 41,951	\$ 26,757	\$ 44,381
Fresh vegetables	22,387	11,762	9,152
Packaged foods	34,877	10,304	20,111
Total operating segments	99,215	48,823	73,644

Corporate	643	1,914	255
Discontinued operations			3,016
	\$ 99,858	\$ 50,737	\$ 76,915

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Dole's revenues from external customers and tangible long-lived assets by country/region were as follows:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
Revenues from external customers:			
United States	\$ 2,853,927	\$ 2,831,296	\$ 2,982,968
Japan	745,251	793,539	723,195
Sweden	469,929	456,512	564,499
Germany	481,611	447,961	551,555
Canada	344,070	311,070	287,758
United Kingdom	71,800	57,449	242,258
Other Euro zone countries	740,561	743,851	944,470
Other international	1,185,465	1,136,843	1,323,249
	<b>\$ 6,892,614</b>	<b>\$ 6,778,521</b>	<b>\$ 7,619,952</b>

No individual country in the Other international category above had material revenues from external customers.

	<b>January 1, 2011</b>	<b>January 2, 2010</b>	<b>January 3, 2009</b>
	<b>(In thousands)</b>		
Tangible long-lived assets:			
United States	\$ 504,241	\$ 494,178	\$ 480,000
Oceangoing assets	92,929	131,535	134,681
Philippines	156,542	153,200	144,114
Costa Rica	79,687	83,299	96,916
Honduras	73,780	74,682	79,298
Chile	25,878	25,869	48,647
Ecuador	55,221	57,838	64,426
Other international	157,790	144,684	140,487
	<b>\$ 1,146,068</b>	<b>\$ 1,165,285</b>	<b>\$ 1,188,569</b>

**Note 16 Operating Leases and Other Commitments**

In addition to obligations recorded on Dole's Consolidated Balance Sheet as of January 1, 2011, Dole has commitments under cancelable and non-cancelable operating leases, primarily for land, machinery and equipment, vessels and containers and office and warehouse facilities. A significant portion of Dole's lease payments are fixed. Total rental expense, including rent related to cancelable and non-cancelable leases, was \$185.9 million,

\$199.6 million and \$204.2 million (net of sublease income of \$16.3 million, \$14.7 million and \$17.1 million) for the years ended January 1, 2011, January 2, 2010 and January 3, 2009, respectively.

Dole and Castle and Cooke, Inc. are parties to a corporate aircraft lease agreement in which the parties are responsible for 68% and 32%, respectively, of all obligations. The corporate aircraft lease agreement includes a residual value guarantee of up to \$7 million of which Dole's share is \$4.8 million at the termination of the lease in 2018. Dole does not currently anticipate any future payments related to this residual value guarantee.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

As of January 1, 2011, Dole's non-cancelable minimum lease commitments, including the residual value guarantee, before sublease income, were as follows (in thousands):

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$ 159,362
2012	94,680
2013	81,288
2014	34,520
2015	20,420
Thereafter	77,806
<b>Total</b>	<b>\$ 468,076</b>

Total expected future sublease income expected to be earned over 7 years is \$17.2 million.

In order to secure sufficient product to meet demand and to supplement Dole's own production, Dole has entered into non-cancelable agreements with independent growers, primarily in Latin America and North America, to purchase substantially all of their production subject to market demand and product quality. Prices under these agreements are generally tied to prevailing market rates and contract terms generally range from one to ten years. Total purchases under these agreements were \$637.3 million, \$563.1 million and \$658.8 million for the years ended January 1, 2011, January 2, 2010, and January 3, 2009, respectively.

At January 1, 2011, aggregate future payments under such purchase commitments (based on January 1, 2011 pricing and volumes) were as follows (in thousands):

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$ 588,794
2012	281,724
2013	217,651
2014	153,624
2015	68,767
Thereafter	63,446
<b>Total</b>	<b>\$ 1,374,006</b>

In order to ensure a steady supply of packing supplies and to maximize volume incentive rebates, Dole has entered into contracts for the purchase of packing supplies; some of these contracts run through 2011. Prices under these agreements are generally tied to prevailing market rates. Purchases under these contracts for the years ended January 1, 2011, January 2, 2010 and January 3, 2009 were approximately \$190.4 million, \$168.9 million and



\$292.6 million, respectively.

Under these contracts, Dole was committed at January 1, 2011 to purchase packing supplies, assuming current price levels, as follows (in thousands):

<b>Fiscal Year</b>	<b>Amount</b>
2011	\$ 195,711
2012	195,711
2013	114,711
Total	\$ 506,133

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Dole has numerous collective bargaining agreements with various unions covering approximately 37% of Dole's hourly full-time and seasonal employees. Of the unionized employees, 50% are covered under a collective bargaining agreement that will expire within one year and the remaining 50% are covered under collective bargaining agreements expiring beyond the upcoming year. These agreements are subject to periodic negotiation and renewal. Failure to renew any of these collective bargaining agreements may result in a strike or work stoppage; however, management does not expect that the outcome of these negotiations and renewals will have a material adverse impact on Dole's financial condition or results of operations.

**Note 17 Derivative Financial Instruments**

Dole is exposed to foreign currency exchange rate fluctuations, bunker fuel price fluctuations and interest rate changes in the normal course of its business. As part of its risk management strategy, Dole uses derivative instruments to hedge certain foreign currency, bunker fuel and interest rate exposures. Dole's objective is to offset gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them, thereby reducing volatility of earnings. Dole does not hold or issue derivative financial instruments for trading or speculative purposes.

***Cash Flow Hedges***

During the first quarter of 2010, Dole designated a majority of its foreign currency derivative instruments as cash flow hedges in accordance with guidance provided by FASB ASC Topic 815, *Derivatives and Hedging*. Specifically, Dole designated a majority of its foreign currency exchange forward contracts and participating forward contracts as cash flow hedges of its forecasted revenue and operating expense transactions. As a result, changes in fair value of the foreign currency derivative instruments since hedge designation, to the extent effective, are recorded as a component of accumulated other comprehensive income (loss) (AOCI) in the consolidated balance sheet and are reclassified into earnings in the same period the underlying transactions affect earnings. Any portion of a cash flow hedge deemed ineffective is recognized into current period earnings.

In connection with the March 2010 refinancing transaction, some of the terms of Dole's senior secured credit facilities were amended. Dole evaluated the impact of these amendments on its hedge designation for its interest rate swap and determined not to re-designate the interest rate swap as a cash flow hedge of its interest rate risk associated with Term Loan C. As a result, changes in the fair value of the interest rate swap after de-designation on March 2, 2010 are recorded in interest expense. The unrealized loss in AOCI will be recognized into interest expense through June 2011 as the underlying Term Loan C interest payments are made.

***Interest Rate Swap, Cross Currency Swap and Restricted Deposits***

Dole entered into an interest rate swap in 2006 to hedge future changes in interest rates. This agreement effectively converted \$320 million of borrowings under Term Loan C, which was variable-rate debt, to a fixed-rate basis through 2011. The interest rate swap fixed the interest rate at 7.2%. The paying and receiving rates under the interest rate swap were 5.5% and 0.3% as of January 1, 2011, with an outstanding notional amount of \$320 million.

During 2006 (subsequently amended in 2009), Dole executed a cross currency swap to synthetically convert \$320 million of Term Loan C into Japanese yen denominated debt in order to effectively lower the U.S. dollar fixed interest rate of 7.2% to a Japanese yen interest rate of 3.6%. Payments under the cross currency swap are converted from U.S. dollars to Japanese yen at an exchange rate of ¥114.9.

Dole also entered into a collateral arrangement which requires Dole to provide collateral to its counterparties when the fair market value of the cross currency and interest rate swaps exceeds a combined liability of \$35 million. The measurement date for the collateral required at January 1, 2011 was December 29, 2010, and the fair value of the swaps at the measurement date was a liability of approximately \$135.9 million. Dole provided cash collateral of

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

\$40.9 million, which was recorded as restricted deposits in the accompanying consolidated balance sheet, and the remaining \$60 million of collateral was issued through letters of credit.

At January 1, 2011, the exchange rate of U.S. dollar to Japanese yen was ¥81.5. The value of the cross currency swap will fluctuate based on changes in the U.S. dollar to Japanese yen exchange rate and market interest rates until maturity in June 2011. Dole is exploring alternatives related to the maturity, and expects to enter into a transaction to unwind the swap through the sale of a future stream of Japanese yen cash flows without any upfront cash payment.

At January 1, 2011, the gross notional amount and fair value of Dole's derivative instruments were as follows:

	<b>Average Strike Price</b>	<b>Notional Amount</b>
	<b>(In thousands)</b>	
Derivatives designated as cash flow hedging instruments:		
Foreign currency hedges (buy/sell):		
U.S. dollar/Japanese yen	JPY 92.21	\$ 207,707
U.S. dollar/Euro	EUR 1.34	101,570
U.S. dollar/Canadian dollar	CAD 1.01	26,015
Thai Baht/ U.S. dollar	THB 32.06	104,140
Philippine Peso/ U.S. dollar	PHP 47.16	87,655
Derivatives not designated as hedging instruments:		
Foreign currency hedges (buy/sell):		
South African Rand/U.S. Dollar	ZAR 8.72	5,940
Cross currency swap		320,000
Interest rate swap		320,000
Bunker fuel hedges	\$453	35,000
	(per metric ton)	(metric tons)

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

	Balance Sheet Classification	Derivative Assets (Liabilities) Fair Value	
		January 1, 2011	January 2, 2010
		(In thousands)	
Derivatives designated as cash flow hedging instruments:			
Foreign currency exchange contracts	Receivables, net	\$ 16,961	\$
	Accrued liabilities	(31,061)	
	Other long-term liabilities		(20,560)
Interest rate swap			
Total derivatives designated as cash flow hedging instruments		(14,100)	(20,560)
Derivatives not designated as hedging instruments:			
Foreign currency exchange contracts	Receivables, net	908	2,738
	Accrued liabilities		(247)
Cross currency swap	Receivables, net	1,584	2,049
Cross currency swap	Accrued liabilities	(130,380)	(63,589)
Interest rate swap	Accrued liabilities	(11,310)	
Bunker fuel hedges	Receivables, net	1,587	505
Total derivatives not designated as hedging instruments		(137,611)	(58,544)
Total		\$ (151,711)	\$ (79,104)

Settlement of the foreign currency and bunker fuel hedges will occur during 2011.

The effect of the interest rate swap and foreign currency hedges designated as cash flow hedging instruments on accumulated other comprehensive income (loss) and on the consolidated statement of operations for the years ended January 1, 2011 and January 2, 2010 were as follows:

Gains (Losses) Reclassified	Gains (Losses) Recognized in Income due to Hedge Ineffectiveness or Amounts Excluded
--------------------------------	--

	<b>Gains (Losses) Recognized in AOCI During Year Ended</b>		<b>Classification in Statement of Operations</b>	<b>into Income During Year Ended</b>		<b>from Effectiveness Testing During Year Ended</b>	
	<b>January 1, 2011</b>	<b>January 2, 2010</b>		<b>January 1, 2011</b>	<b>January 2, 2010</b>	<b>January 1, 2011</b>	<b>January 2, 2010</b>
Interest rate swap	\$ 680	\$ (3,593)	Interest expense	\$ (13,802)	\$ (11,597)	\$	\$
Foreign currency hedges	(13,416)		Cost of products sold	4,365		3,507	

Unrealized gains and losses on the interest rate swap were recorded through AOCI through the de-designation date. Unrecognized losses of \$6.6 million related to the interest rate swap are expected to be realized into earnings through June 2011. Amounts included in AOCI as of the de-designation date are being amortized into interest expense as the quarterly payments are made. Unrecognized losses of \$17.8 million related to the foreign currency hedges are expected to be realized into earnings in the next twelve months.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Net unrealized gains (losses) and realized gains (losses) on derivatives not designated as hedging instruments for the years ended January 1, 2011, January 2, 2010 and January 3, 2009 were as follows:

	Classification in Statement of Operations	Unrealized Gains (Losses)		
		January 1, 2011	January 2, 2010	January 3, 2009
			(In thousands)	
Foreign currency exchange contracts	Cost of products sold	\$ 908	\$ 8,553	\$ 6,002
Bunker fuel contracts	Cost of products sold	1,082	4,081	(4,325)
Cross currency swap	Other income (expense), net	(67,257)	(21,051)	(50,411)
Interest rate swap	Interest expense	12,266		
Total		\$ (53,001)	\$ (8,417)	\$ (48,734)

	Classification in Statement of Operations	Realized Gains (Losses)		
		January 1, 2011	January 2, 2010	January 3, 2009
			(In thousands)	
Foreign currency exchange contracts	Cost of products sold	\$ (79)	\$ (1,854)	\$ (11,255)
Bunker fuel contracts	Cost of products sold	274	349	678
Cross currency swap	Other income (expense), net	8,481	9,382	11,209
Interest rate swap	Interest expense	(12,440)		
Total		\$ (3,764)	\$ 7,877	\$ 632

**Note 18 Fair Value Measurements**

Dole's financial instruments primarily consist of short-term trade and grower receivables, trade payables, notes receivable and notes payable, as well as long-term grower receivables, capital lease obligations, term loans, a revolving loan, and notes and debentures. For short-term instruments, the carrying amount approximates fair value because of the short maturity of these instruments. For long-term financial instruments, excluding Dole's secured and unsecured notes and debentures, and term loans, the carrying amount approximates fair value since they bear interest at variable rates or fixed rates which approximate market.

Dole performs fair value measurements in accordance with guidance provided by FASB ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 provides a fair value hierarchy that prioritizes observable and unobservable inputs to valuation techniques used to measure fair value. These levels, in order of highest to lowest

priority are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.



**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

The following table provides a summary of the assets and liabilities measured at fair value on a recurring basis under the ASC 820 hierarchy:

	Fair Value Measurements at January 1, 2011		Fair Value Measurements at January 2, 2010	
	Total	Significant Other Observable Inputs (Level 2) (In thousands)	Total	Significant Other Observable Inputs (Level 2)
<i>Assets:</i>				
Foreign currency exchange contracts	\$ 17,869	\$ 17,869	\$ 2,738	\$ 2,738
Bunker fuel contracts	1,587	1,587	505	505
	\$ 19,456	\$ 19,456	\$ 3,243	\$ 3,243
<i>Liabilities:</i>				
Foreign currency exchange contracts	\$ 31,061	\$ 31,061	\$ 247	\$ 247
Interest rate swap	11,310	11,310	20,560	20,560
Cross currency swap, net	128,796	128,796	64,540	64,540
	\$ 171,167	\$ 171,167	\$ 85,347	\$ 85,347

For Dole, the assets and liabilities that are required to be recorded at fair value on a recurring basis are the derivative instruments. The fair values of Dole's derivative instruments are determined using Level 2 inputs, which are defined as significant other observable inputs. The fair values of the foreign currency exchange contracts, bunker fuel contracts, interest rate swap and cross currency swap were estimated using internal discounted cash flow calculations based upon forward foreign currency exchange rates, bunker fuel futures, interest-rate yield curves or quotes obtained from brokers for contracts with similar terms less any credit valuation adjustments. Dole recorded a credit valuation adjustment at January 1, 2011 which reduced the derivative liability balances. The credit valuation adjustment was \$0.5 million at January 1, 2011. The net change in the credit valuation adjustment resulted in an unrealized loss of \$1.8 million during the year ended January 1, 2011. Of this loss, \$0.5 million was recorded as interest expense and \$1.3 million was recorded as other income (expense), net. The credit valuation adjustment was \$2.3 million at January 2, 2010 which reduced the derivative liability balances and resulted in a corresponding decrease in the unrealized loss recorded for the derivative instruments. Approximately \$2.1 million of the credit valuation adjustment was recorded as a component of interest expense and \$11.9 million was recorded as other income (expense), net.

The following table provides a summary of the assets measured at fair value on a nonrecurring basis for the year ended January 2, 2010 under the ASC 820 hierarchy:

	<b>January 2, 2010</b>	<b>Fair Value Measurements at Reporting Date Using Significant Unobservable Inputs (Level 3)</b>
Distrifruit net assets	\$ 10,037	\$ 10,037

In addition to assets and liabilities that are recorded at fair value on a recurring basis, Dole is required to record assets and liabilities at fair value on a nonrecurring basis. Nonfinancial assets such as goodwill, indefinite-lived intangible assets and long-lived assets are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment is recognized.

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

As discussed in Note 6 Charges for Restructuring and Long-Term Receivables, Dole recorded an impairment of intangible assets during the third quarter of 2010. In addition, an equity method investment was impaired during 2010. These impairments totaled \$1.8 million and resulted in the assets being written down to zero. The estimated fair value of these assets was determined using Level 3 inputs. In 2010, Dole also recorded a \$1.2 million write-down in discontinued operations related to land located in Colombia. The estimated fair value of this asset was determined using Level 2 inputs.

During fiscal 2010, Dole recorded provisions of \$11.4 million for receivables related to a customer in Eastern Europe, which were secured by land and buildings. The net receivable represents management's best estimate of its net realizable value after consideration of collateral securing the receivable. The estimated fair value of these assets was determined using Level 3 inputs.

The goodwill and indefinite-lived intangible asset impairment analysis were performed by Dole during 2010 using a combination of discounted cash flow models and market multiples. The discounted cash flow models used estimates and assumptions including pricing and volume data, anticipated growth rates, profitability levels, tax rates and discount rates. The fair value of the goodwill and indefinite-lived intangible asset are highly sensitive to differences between estimates and actual cash flows and changes in the related discount rate used to evaluate the fair value of these assets.

***Credit Risk***

The counterparties to the foreign currency and bunker fuel forward contracts and the interest rate and cross currency swaps consist of a number of major international financial institutions. Dole has established counterparty guidelines and regularly monitors its positions and the financial strength of these institutions. While counterparties to hedging contracts expose Dole to credit-related losses in the event of a counterparty's non-performance, the risk would be limited to the unrealized gains on such affected contracts. Dole does not anticipate any such losses.

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)***Fair Value of Retirement Plan Assets*

Dole estimates the fair value of its retirement plan assets based on current quoted market prices. In instances where quoted market prices are not readily available, the fair value of the investments is estimated by the trustee. The carrying value and estimated fair values of Dole's retirement plan assets are summarized below:

	<b>Fair Value Measurements at Reporting Date Using Quoted Prices</b>			
	<b>in Active Markets for Identical Assets  (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)  (In thousands)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>January 1,  2011</b>
Cash and cash equivalents	\$ 421	\$	\$	\$ 421
U.S. government securities	9,856	11,925		21,781
Foreign government/state/municipal securities		608		608
Corporate debt instruments		16,887		16,887
Common stock	905			905
Interest in registered investment companies	38,983			38,983
Common collective trusts		99,378	1,652	101,030
Interests in limited partnerships			4	4
Interest in 103-12 investment companies			14,534	14,534
Unallocated annuity contracts			10,762	10,762
Preferred stock and other		642		642
Due to broker for investments, net	(147)	(6,485)		(6,632)
<b>Total</b>	<b>\$ 50,018</b>	<b>\$ 122,955</b>	<b>\$ 26,952</b>	<b>\$ 199,925</b>

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

	<b>Fair Value Measurements at Reporting Date Using Quoted Prices</b>			<b>January 2, 2010</b>
	<b>in</b>			
	<b>Active Markets for Identical Assets</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
	<b>(Level 1)</b>	<b>(In thousands)</b>		
Cash and cash equivalents	\$ 149	\$	\$	\$ 149
U.S. government securities	5,433	10,238		15,671
Foreign government/state/municipal securities		2,603		2,603
Corporate debt instruments		21,362		21,362
Common stock	355			355
Interest in registered investment companies	39,424			39,424
Common collective trusts		83,818	1,849	85,667
Interests in limited partnerships			28	28
Interest in 103-12 investment companies			11,666	11,666
Unallocated annuity contracts			10,420	10,420
Preferred stock and other	52	1,092		1,144
Due to (from) broker for investments, net		(1,369)		(1,369)
<b>Total</b>	<b>\$ 45,413</b>	<b>\$ 117,744</b>	<b>\$ 23,963</b>	<b>\$ 187,120</b>

The table below sets forth a summary of changes in the fair value of the plan's Level 3 assets for the year ended January 1, 2011:

	<b>Fair Value Measurements Using significant Unobservable Inputs (Level 3)</b>				<b>Total</b>
	<b>Common Collective Trusts</b>	<b>Interest in Limited Trusts</b>	<b>Unallocated Annuity Contracts (In thousands)</b>	<b>Interest in 103-12 Investment Companies</b>	
Beginning balance January 3, 2009	\$ 2,362	\$ 103	\$ 10,153	\$ 6,158	\$ 18,776
Net realized and unrealized gains/(losses)	(515)	(75)	(78)	5,586	4,918

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Net purchases, issuances and settlements	2		345		(78)	269
Net transfer in or (out) of Level 3						
Beginning balance January 2, 2010	\$ 1,849	\$ 28	\$ 10,420	\$ 11,666	\$ 23,963	
Net realized and unrealized gains/(losses)	19	10	(3)	2,982	3,008	
Net purchases, issuances and settlements	(216)	(34)	345	(114)	(19)	
Net transfer in or (out) of Level 3						
Ending balance January 1, 2011	\$ 1,652	\$ 4	\$ 10,762	\$ 14,534	\$ 26,952	

**Note 19 Contingencies**

Dole is a guarantor of indebtedness to some of its key fruit suppliers and other entities integral to Dole's operations. At January 1, 2011, guarantees of \$2.2 million consisted primarily of amounts advanced under third-party bank agreements to independent growers that supply Dole with product. In addition, Dole had cash on deposit at January 1, 2011 of \$10.2 million securing the indebtedness of a fruit supplier. Dole has not historically experienced any significant losses associated with these guarantees.

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Dole issues letters of credit and bank guarantees through its ABL revolver and in addition, separately through major banking institutions. Dole also provides insurance company issued bonds. These letters of credit, bank guarantees and insurance company bonds are required by certain regulatory authorities, suppliers and other operating agreements. As of January 1, 2011, total letters of credit, bank guarantees and bonds outstanding under these arrangements were \$234.6 million, of which \$59.8 million was issued under Dole's European letter of credit facility.

Dole also provides various guarantees, mostly to foreign banks, in the course of its normal business operations to support the borrowings, leases and other obligations of its subsidiaries. Dole guaranteed \$237.9 million of its subsidiaries' obligations to their suppliers and other third parties as of January 1, 2011.

Dole has change of control agreements with certain key executives, under which severance payments and benefits would become payable in the event of specified terminations of employment following a change of control (as defined) of Dole.

Dole is involved from time to time in claims and legal actions incidental to its operations, both as plaintiff and defendant. Dole has established what management currently believes to be adequate reserves for pending legal matters. These reserves are established as part of an ongoing worldwide assessment of claims and legal actions that takes into consideration such items as changes in the pending case load (including resolved and new matters), opinions of legal counsel, individual developments in court proceedings, changes in the law, changes in business focus, changes in the litigation environment, changes in opponent strategy and tactics, new developments as a result of ongoing discovery, and past experience in defending and settling similar claims. In the opinion of management, after consultation with outside counsel, the claims or actions to which Dole is a party are not expected to have a material adverse effect, individually or in the aggregate, on Dole's financial position or results of operations.

*DBCP Cases:* A significant portion of Dole's legal exposure relates to lawsuits pending in the United States and in several foreign countries, alleging injury as a result of exposure to the agricultural chemical DBCP (1,2-dibromo-3-chloropropane). DBCP was manufactured by several chemical companies including entities of The Dow Chemical Company and Royal Dutch Shell plc and registered by the U.S. government for use on food crops. Dole and other growers applied DBCP on banana farms in Latin America and the Philippines and on pineapple farms in Hawaii. Specific periods of use varied among the different locations. Dole halted all purchases of DBCP, including for use in foreign countries, when the U.S. EPA cancelled the registration of DBCP for use in the United States in 1979. That cancellation was based in part on a 1977 study by a manufacturer which indicated an apparent link between male sterility and exposure to DBCP among factory workers producing the product, as well as early product testing done by the manufacturers showing testicular effects on animals exposed to DBCP. To date, there is no reliable evidence demonstrating that field application of DBCP led to sterility among farm workers, although that claim is made in the pending lawsuits. Nor is there any reliable scientific evidence that DBCP causes any other injuries in humans, although plaintiffs in the various actions assert claims based on cancer, birth defects and other general illnesses.

Currently there are 228 lawsuits, in various stages of proceedings, alleging injury as a result of exposure to DBCP or seeking enforcement of Nicaragua judgments. In addition, there are 11 labor cases pending in Costa Rica under that country's national insurance program.

Twenty-one of the 228 lawsuits are currently pending in various jurisdictions in the United States. One case in Los Angeles Superior Court, the last remaining lawsuit brought in the United States by Nicaraguan plaintiffs, was

dismissed after the Court found that the plaintiffs and their representatives engaged in blatant fraud, witness tampering, and active manipulation. In dismissing this lawsuit, the Court vacated an earlier \$1.58 million judgment against Dole in favor of four of the plaintiffs. This result was the culmination of hearings conducted by the Court in response to a July 7, 2009 order issued to plaintiffs by the California Second District Court of Appeal directing them to show cause why the \$1.58 million judgment should not be vacated and judgment be entered in Dole's favor on the grounds that the judgment was procured through fraud. After hearings held on May 10 and 11, and July 7-9 and 12,



**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

2010, the Court issued an oral ruling, finding that the judgment had been procured through fraud on both Dole and the Court, and ordered it vacated. On March 11, 2011, the Court issued a final Statement of Decision that vacates the judgment and dismisses all plaintiffs' claims with prejudice. Another case pending in Los Angeles Superior Court involving 552 Costa Rican plaintiffs is currently in discovery proceedings. Pursuant to a case management order, the initial phase of discovery requires that all plaintiffs travel to the U.S. for preliminary medical testing.

The remaining lawsuits are pending in Latin America and the Philippines. Claimed damages in DBCP cases worldwide total approximately \$45 billion, with lawsuits in Nicaragua representing approximately 87% of this amount. Typically, in these cases Dole is a joint defendant with the major DBCP manufacturers. Except as described below, none of these lawsuits has resulted in a verdict or judgment against Dole.

In Nicaragua, 195 cases are currently filed (of which 33 are active) in various courts throughout the country, all but two of which were brought pursuant to Law 364, an October 2000 Nicaraguan statute that contains substantive and procedural provisions that Nicaragua's Attorney General formally opined are unconstitutional. In October 2003, the Supreme Court of Nicaragua issued an advisory opinion, not connected with any litigation, that Law 364 is constitutional. Thirty-two cases have resulted in judgments in Nicaragua: \$489.4 million (nine cases consolidated with 465 claimants) on December 11, 2002; \$82.9 million (one case with 58 claimants) on February 25, 2004; \$15.7 million (one case with 20 claimants) on May 25, 2004; \$4 million (one case with four claimants) on May 25, 2004; \$56.5 million (one case with 72 claimants) on June 14, 2004; \$64.8 million (one case with 85 claimants) on June 15, 2004; \$27.7 million (one case with 36 claimants) on March 17, 2005; \$98.5 million (one case with 150 claimants) on August 8, 2005; \$46.4 million (one case with 62 claimants) on August 20, 2005; \$809 million (six cases consolidated with 1,248 claimants) on December 1, 2006; \$38.4 million (one case with 192 claimants) on November 14, 2007; and \$357.7 million (eight cases with 417 claimants) on January 12, 2009, which Dole learned of unofficially. Except for the latest one, Dole has appealed all judgments, with Dole's appeal of the August 8, 2005 \$98.5 million judgment currently pending before the Nicaragua Court of Appeal. Dole will appeal the \$357.7 million judgment once it has been served. On August 5, 2010, the Nicaragua Court of Appeal issued a ruling upholding the December 1, 2006 \$809 million judgment. Dole has appealed that ruling to the Nicaraguan Supreme Court.

In all but one of the active cases where the proceeding has reached the appropriate stage, Dole has sought to have the cases returned to the United States. In all of the cases where Dole's request to return the case to the United States has been ruled upon, the courts have denied Dole's request and Dole has appealed those decisions.

On October 20, 2009, the United States District Court for the Southern District of Florida issued an order denying recognition and enforcement of the \$98.5 million Nicaragua judgment against Dole and another U.S. company. That order cited separate and independent grounds for non-recognition: the Nicaragua trial court did not have jurisdiction over the defendant companies; the judgment did not arise out of proceedings that comported with the international concept of due process; the judgment was rendered under a system which does not provide an impartial tribunal or procedures compatible with the requirements of due process of law; and the cause of action or claim for relief on which the judgment is based is repugnant to the public policy of Florida. Final judgment in favor of Dole (and the other defendant companies) was entered November 10, 2009, and the Court ordered the case closed. On March 10, 2010, Plaintiffs filed an appeal, which is currently pending before the United States Court of Appeals for the Eleventh Circuit.

Dole believes that none of the Nicaraguan judgments will be enforceable against any Dole entity in the U.S. or in any other country, because Nicaragua's Law 364 is unconstitutional and violates international principles of due process.

Among other things, Law 364 is an improper special law directed at particular parties; it requires defendants to pay large, non-refundable deposits in order to even participate in the litigation; it provides a severely truncated procedural process; it establishes an irrebuttable presumption of causation that is contrary to the evidence and scientific data; and it sets unreasonable minimum damages that must be awarded in every case.

On October 23, 2006, Dole announced that Standard Fruit de Honduras, S.A. reached an agreement with the Government of Honduras and representatives of Honduran banana workers. This agreement establishes a Worker

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Program that is intended by the parties to resolve in a fair and equitable manner the claims of male banana workers alleging sterility as a result of exposure to DBCP. The Honduran Worker Program will not have a material effect on Dole's financial position or results of operations. The official start of the Honduran Worker Program was announced on January 8, 2007. On August 15, 2007, Shell Oil Company was included in the Worker Program.

As to all the DBCP matters, Dole has denied liability and asserted substantial defenses. While Dole believes there is no reliable scientific basis for alleged injuries from the agricultural field application of DBCP, Dole continues to seek reasonable resolution of pending litigation and claims in the U.S. and Latin America. For example, as in Honduras, Dole is committed to finding a prompt resolution to the DBCP claims in Nicaragua, and is prepared to pursue a structured worker program in Nicaragua with science-based criteria. Dole has also had discussions with individual plaintiff groups on possible ways to resolve related DBCP cases.

Although, no assurance can be given concerning the outcome of the DBCP cases, in the opinion of management, after consultation with legal counsel and based on past experience defending and settling DBCP claims, the pending lawsuits are not expected to have a material adverse effect on Dole's financial position or results of operations.

*European Union Antitrust Inquiry:* On October 15, 2008, the European Commission (EC) adopted a Decision against Dole Food Company, Inc. and Dole Fresh Fruit Europe OHG and against other unrelated banana companies, finding violations of the European competition (antitrust) laws. The Decision imposes 45.6 million in fines on Dole.

The Decision follows a Statement of Objections, issued by the EC on July 25, 2007, and searches carried out by the EC in June 2005 at certain banana importers and distributors, including two of Dole's offices.

Dole received the Decision on October 21, 2008 and appealed the Decision to the European General Court in Luxembourg on December 24, 2008.

Dole made an initial \$10 million (7.6 million) provisional payment towards the 45.6 million fine on January 22, 2009, which is classified as other assets, net in the accompanying consolidated balance sheets. As agreed with the European Commission (DG Budget), Dole provided the required bank guaranty for the remaining balance of the fine plus interest to the EC by the deadline of April 30, 2009. The bank guaranty renews annually during the appeals process (which may take several years) and carries interest of 6.15% (accrued from January 23, 2009). If the European General Court fully agrees with Dole's arguments presented in its appeal, Dole will be entitled to the return of all monies paid, plus interest.

Although, no assurances can be given, and although there could be a material adverse effect on Dole, Dole believes that it has not violated the European competition laws. No accrual for the Decision has been made in the accompanying consolidated financial statements, since Dole cannot determine at this time the amount of probable loss, if any, incurred as a result of the Decision.

*Honduran Tax Case:* In 2005, Dole received a tax assessment from Honduras of approximately \$137 million (including the claimed tax, penalty, and interest through the date of assessment) relating to the disposition of all of Dole's interest in Cervecería Hondureña, S.A in 2001. Dole believes the assessment is without merit and filed an appeal with the Honduran tax authorities, which was denied. As a result of the denial in the administrative process, in order to negate the tax assessment, on August 5, 2005, Dole proceeded to the next stage of the appellate process by filing a lawsuit against the Honduran government in the Honduran Administrative Tax Trial Court. The Honduran

government sought dismissal of the lawsuit and attachment of assets, which Dole challenged. The Honduran Supreme Court affirmed the decision of the Honduran intermediate appellate court that a statutory prerequisite to challenging the tax assessment on the merits is the payment of the tax assessment or the filing of a payment plan with the Honduran courts; Dole has challenged the constitutionality of the statute requiring such payment or payment plan. Dole and the Honduran government have had discussions regarding possible ways to resolve pending lawsuits and tax-related matters. Although no assurance can be given concerning the outcome of

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

this case, in the opinion of management, after consultation with legal counsel, the pending lawsuits and tax-related matters are not expected to have a material adverse effect on Dole's financial position or results of operations.

*Former Shell Site:* Shell Oil Company and Dole are defendants in several cases filed in Los Angeles Superior Court alleging property damage and personal injury by persons claiming to be current or former residents of a housing development built in the 1960s by a predecessor of what is now a Dole subsidiary, on land that had been owned and used by Shell as a crude oil storage facility for 40 years prior to the housing development. The California Regional Water Quality Control Board is supervising a testing program on the former Shell site. Although no assurance can be given concerning the outcome of these actions, Dole believes the housing development was done properly, more than 40 years ago, in conformity with all applicable governmental laws and regulations. No accrual for any possible liability has been made in the accompanying consolidated financial statements, since Dole cannot determine at this time the amount of probable loss, if any, incurred as a result of these actions.

*Arbitration Settlement:* During the third quarter of 2010, Dole, as plaintiff, settled a dispute for \$30 million that was the subject of an arbitration proceeding. The dispute involved faulty manufactured containers sold to Dole. The settlement payment was received by Dole during the third quarter of 2010. In connection with the settlement, Dole recorded a \$2.7 million non-cash impairment charge related to obsolete containers during the third quarter of 2010. As a result, Dole has included \$27.3 million as gain on legal settlements on the accompanying consolidated statement of operations.

*Supplier Settlement:* During the fourth quarter of 2010, Dole and a fresh vegetables supplier settled a dispute. Pursuant to the settlement, the supplier paid Dole \$5.3 million, which is included as gain on legal settlements on the accompanying consolidated statement of operations.

**Note 20 Related Party Transactions**

David H. Murdock, Dole's Chairman, owns, *inter alia*, Castle, a transportation equipment leasing company, a private dining club and a hotel. During the years ended January 1, 2011, January 2, 2010, and January 3, 2009, Dole paid Mr. Murdock's companies an aggregate of approximately \$9 million, \$9.8 million and \$9.3 million, respectively, primarily for the rental of truck chassis, generator sets and warehousing services. Castle purchased approximately \$0.6 million, \$0.5 million and \$0.7 million of products from Dole during the years ended January 1, 2011, January 2, 2010, and January 3, 2009, respectively.

During the fourth quarter of 2008, Dole and North Carolina State University executed a twenty-year sublease agreement pursuant to which Dole's research center occupies eleven thousand gross square feet of office and laboratory in Kannapolis, North Carolina. Castle is the owner of the property. The rent expense paid to North Carolina State University was \$0.6 million and \$0.7 million for the years ended January 1, 2011 and January 2, 2010, respectively.

Dole and Castle are responsible for 68% and 32%, respectively, of all obligations under an aircraft lease arrangement. Prior to fiscal 2009, each party was responsible for the direct costs associated with its use of this aircraft, and all other indirect costs were shared proportionately. Effective at the beginning of fiscal 2009, the indirect costs are shared based upon each party's actual percentage of usage for the year. During the years ended January 1, 2011, January 2, 2010, and January 3, 2009, Dole's share of the direct and indirect costs for this aircraft was \$2.3 million, \$2.2 million and \$2.2 million, respectively.

Dole and Castle have operated their risk management departments on a joint basis. Insurance procurement and premium costs were based on the relative risk borne by each company as determined by the insurance underwriters. Dole and Castle ceased sharing insurance procurement and premium costs on October 31, 2009. Administrative costs of the risk management department, which were not significant, were shared on a 50-50 basis. This joint operations arrangement was discontinued on February 1, 2010.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Dole retained risk for commercial property losses sustained by Dole and Castle totaling \$3 million in the aggregate and \$3 million per occurrence, above which Dole had coverage provided through third-party insurance carriers. The arrangement provided for premiums to be paid to Dole by Castle in exchange for Dole's retained risk. Dole received approximately \$0.3 million and \$0.5 million from Castle during the years ended January 2, 2010 and January 3, 2009, respectively. Dole ceased providing this coverage to Castle as of October 31, 2009.

Dole had a number of other transactions with Castle and other entities owned by Mr. Murdock, generally on an arms-length basis, none of which, individually or in the aggregate, were material. At January 1, 2011, Dole had due from Castle outstanding net accounts receivable of \$0.1 million. At January 2, 2010, Dole had due from Castle outstanding net accounts receivable of less than \$0.1 million and a note receivable of \$9.8 million. During 2010, Dole collected \$5.7 million which represented its share of the note receivable. The remaining \$4.1 million note receivable was ultimately disbursed during 2010 as a non-cash distribution.

During the first quarter of 2007, Dole and Castle executed a lease agreement pursuant to which Dole's fresh vegetables operations occupy an office building in Monterey, California, which was owned by Castle. In August 2009, the lease was amended whereby the lease term was extended from May 2021 to May 2024. Dole received \$0.3 million from Castle as consideration for the lease extension. In September 2009, Castle sold the office building to a third party. Rent expense paid to Castle for the years ended January 2, 2010, and January 3, 2009 totaled \$0.9 million and \$1.4 million, respectively.

**Note 21 Earnings Per Share**

	<b>Fiscal Year Ended</b>		
	<b>January 1, 2011</b>	<b>January 2, 2010</b>	<b>January 3, 2009</b>
	<b>(In thousands, except per share amounts)</b>		
Income (loss) from continuing operations	\$ (33,752)	\$ 85,086	\$ 146,925
Income (loss) from discontinued operations	629	1,639	(27,391)
Gain on disposal of discontinued operations	2,957	1,308	3,315
Less: Net income attributable to noncontrolling interests	(3,958)	(3,948)	(1,844)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ (34,124)	\$ 84,085	\$ 121,005
Weighted average common shares outstanding <sup>Basic</sup>	87,451	58,775	51,710
Diluted effects of stock incentive plan			
Weighted average common shares outstanding <sup>Diluted</sup>	87,451	58,775	51,710
<b>Earnings Per Share Basic and Diluted:</b>			
Income (loss) from continuing operations	\$ (0.39)	\$ 1.45	\$ 2.84
Income (loss) from discontinued operations	0.01	0.03	(0.53)
Gain on disposal of discontinued operations	0.03	0.02	0.06

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Less: Net income attributable to noncontrolling interests	(0.04)	(0.07)	(0.03)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ (0.39)	\$ 1.43	\$ 2.34

- (1) Basic weighted average common shares outstanding reflect the effect of the 51,710:1 share conversion related to the restructuring transactions in connection with the IPO (see Note 3 for further information).



**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Anti-dilutive shares of 109 thousand have been excluded from the calculation of diluted weighted average shares outstanding for the year ended January 1, 2011. Additionally, for the year ended January 2, 2010 all stock options and restricted share had an antidilutive effect on earnings per share, and as such were excluded.

**Note 22 Share-Based Compensation**

In connection with the IPO, in October 2009, the 2009 Stock Incentive Plan ( 2009 Plan ) was approved by Dole s Board of Directors and stockholder, in which 6 million shares of Dole common stock have been authorized for issuance. The 2009 Plan provides for issuance of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock awards and restricted stock units, any of which may be performance-based, and for incentive bonuses, which may be paid in cash or stock or a combination of both, to eligible employees, officers, non-employee directors and persons who have been retained to provide consulting, advisory or other services to Dole or any of its subsidiaries. The non-qualified stock options were time-based and expire 10 years from the grant date, three months after employee termination, or one year after the date of an employees retirement or death, if earlier. In addition, the stock options vest over a three year period, with shares becoming exercisable in equal annual installments of 33.3 percent. The restricted stock awards and restricted stock units are time-based and either vest at the end of a one-year period, vest over a three-year period in equal annual installments of 33.3 percent, or vest at the end of the three-year period. As of January 1, 2011, Dole had 2,011,077 shares of common stock available for future issuance of awards under the 2009 Plan. The shares of common stock to be issued under the 2009 Plan are made available from authorized and unissued Dole common stock.

Total share-based compensation expense recognized in the consolidated statements of operations was as follows:

	<b>2010</b>	<b>2009</b>
	<b>(In thousands)</b>	
Cost of products sold	\$ 41	\$ 76
Selling, marketing and general administrative expenses	6,601	849
Total share-based compensation	6,642	925
Estimated income tax benefit included in provision for income taxes		(274)
Total share-based compensation, net of estimated income tax benefits	\$ 6,642	\$ 651

There was no share-based compensation for the fiscal year ended January 3, 2009.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)*****Stock Options***

A summary of stock option activity for fiscal 2010 was as follows:

	<b>Shares Under Option (In thousands)</b>	<b>Weighted- Average Exercise Price</b>	<b>Weighted- Average Remaining Contractual Life</b>	<b>Aggregate Intrinsic Value (In thousands)</b>
Outstanding at January 2, 2010	1,395	\$ 12.50	9.81 years	\$
Granted	1,123	\$ 9.74		
Exercised				
Cancelled				
Outstanding at January 1, 2011	2,518	\$ 11.27	9.30 years	\$ 5,642
Expected to vest in the future at January 1, 2011	1,957	\$ 11.00	9.41 years	\$ 4,920
Exercisable at January 1, 2011	465	\$ 12.50	8.80 years	\$ 470

The unrecognized compensation expense calculated under the fair value method for shares expected to vest (unvested shares net of expected forfeitures) as of January 1, 2011 was approximately \$9.1 million and is expected to be recognized over a weighted average period of 2.13 years.

Dole estimates the fair value of share-based payments using the Black-Scholes-Merton option-pricing model, which was developed for use in determining the fair value of traded options that have no vesting restrictions and are fully transferable. Option valuation models, including the Black-Scholes-Merton option-pricing model, require the input of assumptions, including expected term, expected volatility, dividend yield, and risk free rate. Changes in the input assumptions can materially affect the fair value estimates and ultimately how much Dole recognizes as share-based compensation expense. The weighted average fair value per share of stock options granted during 2010 was \$4.33 as estimated at the date of grant. The weighted average input assumptions used and resulting fair values were as follows:

	<b>2010</b>	<b>2009</b>
Expected life (in years)	6.0	6.0
Risk-free interest rate	1.9%	3.0%
Expected volatility	44.2%	42.7%
Dividend yield		



Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)*****Restricted Stock Awards***

A summary of restricted stock activity for fiscal 2010 was as follows:

	<b>Shares (In thousands)</b>	<b>Weighted Average Grant Date Fair Value</b>	<b>Weighted- Average Remaining Contractual Life</b>
Unvested at January 2, 2010	808	\$ 12.50	2.81 years
Granted	396	\$ 9.74	
Vested	(151)	\$ 12.50	
Cancelled	(15)	\$ 12.50	
Unvested at January 1, 2011	1,038	\$ 11.45	2.05 years
Expected to vest in the future at January 1, 2011	990	\$ 11.45	2.04 years

The fair value of Dole's restricted stock awards were estimated at the date of the grant. The grant date fair value is the stock price on the date of grant. The unrecognized compensation expense calculated under the fair value method for shares expected to vest (unvested shares net of expected forfeitures) as of January 1, 2011 was approximately \$9.1 million and is expected to be recognized over a weighted average period of 2.05 years. The total fair value of the restricted stock awards vested during 2010 was \$1.9 million.

***Restricted Stock Units***

A summary of restricted stock unit activity for fiscal 2010 was as follows:

	<b>Shares (In thousands)</b>	<b>Weighted Average Grant Date Fair value</b>	<b>Weighted Average Remaining Contractual Life</b>
Unvested at January 2, 2010	35	\$ 12.50	2.81 years
Granted	63	\$ 9.74	
Vested			
Cancelled			
Unvested at January 1, 2011	98	\$ 10.73	2.52 years

Expected to vest in the future at January 1, 2011	93	\$	10.73	2.52 years
---	----	----	-------	------------

The fair value of Dole's restricted stock units were estimated at the date of the grant. The grant date fair value is the stock price on the date of grant. The unrecognized compensation expense calculated under the fair value method for shares expected to vest (unvested shares net of expected forfeitures) as of January 1, 2011 was approximately \$0.8 million and is expected to be recognized over a weighted average period of 2.57 years.

### *Performance Shares*

During fiscal 2010, the Corporate Compensation and Benefits Committee of the Board of Directors granted 187,126 performance shares to employees for which a measurement date had not been established as of January 1, 2011. During February 2011, the Corporate Compensation and Benefits Committee finalized the performance metric (net debt reduction, as defined), thereby establishing a measurement date for accounting purposes. Under the terms of the performance share agreement, award recipients can receive up to 200% of the shares granted dependent upon achievement of the performance metric.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****Note 23 Equity Method Investments**

Dole's consolidated net income (loss) includes the proportionate share of the net income or loss of Dole's equity method investments in affiliates. When Dole records the proportionate share of net income, it increases earnings from equity method investments in Dole's consolidated statements of operations and the carrying value in that investment. Conversely, when Dole records the proportionate share of a net loss, it decreases earnings from equity method investments in Dole's consolidated statements of operations and the carrying value in that investment. Dole eliminates from its consolidated financial results all significant intercompany transactions, including the intercompany portion of transactions with equity method investees.

The summarized financial information presented below represents the combined accounts (at 100 percent) of Dole's equity method investees:

<b>Summarized Statement of Operations information for fiscal year</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>(In thousands)</b>	
Revenues, net	\$ 1,183,877	\$ 1,157,173	\$ 1,193,258
Gross margin	424,397	484,460	625,929
Operating income	35,095	48,497	32,942
Net income	19,444	28,956	17,730

<b>Summarized Balance Sheet information</b>	<b>January 1, 2011</b>	<b>January 2, 2010</b>
	<b>(In thousands)</b>	
Current assets	\$ 441,281	\$ 298,121
Noncurrent assets	242,142	361,882
Total assets	683,423	660,003
Current liabilities	217,726	160,464
Noncurrent liabilities	230,955	263,072
Total liabilities	448,681	423,536
Shareholders' equity	223,526	229,159
Equity attributable to noncontrolling interests	11,216	7,308
Total shareholders' equity	234,742	236,467
Dole's total equity method investments	87,343	84,358

During the year ended January 1, 2011, purchases from Dole's equity method investments were approximately \$219 million, and sales to Dole's equity method investments were approximately \$79 million.

**Note 24 Subsequent Event**

On March 11, 2011, a magnitude 8.9 earthquake and subsequent tsunami struck Japan. Japan is Dole's largest market in Asia with revenues of approximately \$745 million in fiscal 2010. At this time it appears that there has been no damage to Dole's infrastructure in Japan, and no Dole employees have been injured. We continue to monitor how the earthquake might affect the general economic and market conditions in Japan as the recovery moves forward.

**Note 25 Guarantor Financial Information**

Dole's wholly-owned domestic subsidiaries (Guarantors) have fully and unconditionally guaranteed, on a joint and several basis, Dole's obligations under the indentures related to the 2011 Notes, Dole's 8.75% debentures due 2013, the 2014 Notes and the 8% senior secured Notes due 2016. Each Guarantee is subordinated in right of payment to the Guarantors' existing and future senior debt, including obligations under the senior secured credit facilities, and will rank pari passu with all senior subordinated indebtedness of the applicable Guarantor.

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

The accompanying guarantor consolidating financial information is presented on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for Dole's share in the subsidiaries' cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate to the elimination of investments in subsidiaries and associated intercompany balances and transactions as well as cash overdraft and income tax reclassifications.

The following are consolidating statements of operations of Dole for the years ended January 1, 2011, January 2, 2010 and January 3, 2009; condensed consolidating balance sheets as of January 1, 2011 and January 2, 2010 and condensed consolidating statements of cash flows for the years ended January 1, 2011, January 2, 2010 and January 3, 2009.



**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****CONSOLIDATING STATEMENT OF OPERATIONS****For the Year Ended January 1, 2011**

	<b>Dole Food Company, Inc.</b>	<b>Guarantors</b>	<b>Non Guarantors (In thousands)</b>	<b>Eliminations</b>	<b>Total</b>
Revenues, net	\$ 88,283	\$ 3,089,675	\$ 5,174,650	\$ (1,459,994)	\$ 6,892,614
Cost of products sold	(74,744)	(2,725,871)	(4,849,178)	1,446,929	(6,202,864)
Gross margin	13,539	363,804	325,472	(13,065)	689,750
Selling, marketing and general and administrative expenses	(50,459)	(224,065)	(237,407)	13,065	(498,866)
Charges for restructuring and long-term receivables			(32,748)		(32,748)
Gain on arbitration settlement, net		5,250	27,271		32,521
Gain on asset sales	676		2,341		3,017
Operating income (loss)	(36,244)	144,989	84,929		193,674
Equity in subsidiary income	57,166	(48,220)		(8,946)	
Other income (expense), net	(1,825)		(61,816)		(63,641)
Interest income	1,236	251	4,708		6,195
Interest expense	(100,768)	(105)	(63,077)		(163,950)
Income (loss) from continuing operations before income taxes and equity earnings	(80,435)	96,915	(35,256)	(8,946)	(27,722)
Income taxes	46,311	(41,608)	(18,097)		(13,394)
Earnings from equity method investments		211	7,153		7,364
Income (loss) from continuing operations, net of income taxes	(34,124)	55,518	(46,200)	(8,946)	(33,752)
Income from discontinued operations, net of income taxes			629		629
Gain on disposal of discontinued operations, net of income taxes			2,957		2,957
Net income (loss)	(34,124)	55,518	(42,614)	(8,946)	(30,166)
Less: Net income attributable to noncontrolling interests			(3,958)		(3,958)

Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$	(34,124)	\$	55,518	\$	(46,572)	\$	(8,946)	\$	(34,124)
---	----	----------	----	--------	----	----------	----	---------	----	----------

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****CONSOLIDATING STATEMENT OF OPERATIONS****For the Year Ended January 2, 2010**

	<b>Dole Food Company, Inc.</b>	<b>Guarantors</b>	<b>Non Guarantors (In thousands)</b>	<b>Eliminations</b>	<b>Total</b>
Revenues, net	\$ 72,497	\$ 3,049,156	\$ 5,121,149	\$ (1,464,281)	\$ 6,778,521
Cost of products sold	(60,388)	(2,726,295)	(4,674,370)	1,452,250	(6,008,803)
Gross margin	12,109	322,861	446,779	(12,031)	769,718
Selling, marketing and general and administrative expenses	(62,227)	(197,670)	(231,363)	12,031	(479,229)
Gain on asset sales		10,093	51,164		61,257
Operating income (loss)	(50,118)	135,284	266,580		351,746
Equity in subsidiary income	216,555	145,008		(361,563)	
Other income (expense), net	(246)		(24,481)		(24,727)
Debt retirement costs in connection with initial public offering	(30,551)				(30,551)
Interest income	1,190	151	5,576		6,917
Interest expense	(130,468)	(115)	(75,132)		(205,715)
Income from continuing operations before income taxes and equity earnings	6,362	280,328	172,543	(361,563)	97,670
Income taxes	77,723	(65,083)	(35,324)		(22,684)
Earnings from equity method investments		110	9,990		10,100
Income from continuing operations, net of income taxes	84,085	215,355	147,209	(361,563)	85,086
Income from discontinued operations, net of income taxes			1,639		1,639
Gain on disposal of discontinued operations, net of income taxes			1,308		1,308
Net income	84,085	215,355	150,156	(361,563)	88,033
Less: Net income attributable to noncontrolling interests			(3,948)		(3,948)

Net income attributable to  
shareholders of Dole Food  
Company, Inc.

\$ 84,085 \$ 215,355 \$ 146,208 \$ (361,563) \$ 84,085

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****CONSOLIDATING STATEMENT OF OPERATIONS****For the Year Ended January 3, 2009**

	<b>Dole Food Company, Inc.</b>	<b>Guarantors</b>	<b>Non Guarantors (In thousands)</b>	<b>Eliminations</b>	<b>Total</b>
Revenues, net	\$ 79,671	\$ 3,121,814	\$ 5,849,443	\$ (1,430,976)	\$ 7,619,952
Cost of products sold	(77,252)	(2,841,837)	(5,362,463)	1,418,660	(6,862,892)
Gross margin	2,419	279,977	486,980	(12,316)	757,060
Selling, marketing and general and administrative expenses	(72,823)	(181,028)	(267,883)	12,316	(509,418)
Gain on asset sales	2,346	2,491	22,139		26,976
Operating income (loss)	(68,058)	101,440	241,236		274,618
Equity in subsidiary income	195,324	143,631		(338,955)	
Other income (expense), net	(89)		(13,977)		(14,066)
Interest income	147	233	6,075		6,455
Interest expense	(116,996)	(569)	(56,920)		(174,485)
Income (loss) from continuing operations before income taxes and equity earnings	10,328	244,735	176,414	(338,955)	92,522
Income taxes	111,844	(26,141)	(37,688)		48,015
Earnings from equity method investments	(2)	(12)	6,402		6,388
Income from continuing operations, net of income taxes	122,170	218,582	145,128	(338,955)	146,925
Income (loss) from discontinued operations, net of income taxes	(1,165)	(27,672)	1,446		(27,391)
Gain on disposal of discontinued operations, net of income taxes		3,315			3,315
Net income	121,005	194,225	146,574	(338,955)	122,849
Less: Net income attributable to noncontrolling interests			(1,844)		(1,844)
Net income (loss) attributable to shareholders of Dole Food	\$ 121,005	\$ 194,225	\$ 144,730	\$ (338,955)	\$ 121,005

Company Inc.

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****CONDENSED CONSOLIDATING BALANCE SHEET****As of January 1, 2011**

	<b>Dole Food Company, Inc.</b>	<b>Guarantors</b>	<b>Non Guarantors (In thousands)</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 39,080	\$ 2,714	\$ 128,353	\$	\$ 170,147
Restricted cash and deposits			51,108		51,108
Receivables, net of allowances	560,020	117,936	517,074	(443,765)	751,265
Inventories	7,405	285,757	441,804		734,966
Prepaid expenses	8,419	9,785	49,705		67,909
Deferred income tax assets	6,200	27,505	3,105		36,810
Assets held-for-sale	76,704	3,813	5,533		86,050
<b>Total current assets</b>	<b>697,828</b>	<b>447,510</b>	<b>1,196,682</b>	<b>(443,765)</b>	<b>1,898,255</b>
Investments	2,453,484	1,831,009	85,081	(4,281,660)	87,914
Property, plant and equipment, net	155,851	275,568	511,611		943,030
Goodwill		131,818	275,429		407,247
Intangible assets, net	689,615	11,033	433		701,081
Other assets, net	69,558	8,037	141,868		219,463
<b>Total assets</b>	<b>\$ 4,066,336</b>	<b>\$ 2,704,975</b>	<b>\$ 2,211,104</b>	<b>\$ (4,725,425)</b>	<b>\$ 4,256,990</b>
<b>LIABILITIES AND EQUITY</b>					
Accounts payable	\$ 4,491	\$ 586,121	\$ 374,483	\$ (443,765)	\$ 521,330
Accrued liabilities	77,372	209,301	355,808		642,481
Current portion of long-term debt, net	(1,665)	291	8,722		7,348
Notes payable			31,922		31,922
<b>Total current liabilities</b>	<b>80,198</b>	<b>795,713</b>	<b>770,935</b>	<b>(443,765)</b>	<b>1,203,081</b>
Intercompany payables (receivables)	1,752,638	(567,550)	(1,185,088)		
Long-term debt, net	918,346	2,921	643,058		1,564,325
Deferred income tax liabilities	212,468	599	31,257		244,324
Other long-term liabilities	310,517	20,244	97,715		428,476
Equity attributable to shareholders of Dole Food	792,169	2,453,048	1,828,612	(4,281,660)	792,169

Company Inc. Equity attributable to non-controlling interests			24,615		24,615
Total equity	792,169	2,453,048	1,853,227	(4,281,660)	816,784
Total liabilities and equity	\$ 4,066,336	\$ 2,704,975	\$ 2,211,104	\$ (4,725,425)	\$ 4,256,990



**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****CONDENSED CONSOLIDATING BALANCE SHEET****As of January 2, 2010**

	<b>Dole Food Company, Inc.</b>	<b>Guarantors</b>	<b>Non Guarantors (In thousands)</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 20,913	\$ 2,118	\$ 96,639	\$	\$ 119,670
Receivables, net of allowances	499,542	130,114	496,617	(400,116)	726,157
Inventories	6,954	284,247	426,990		718,191
Prepaid expenses	6,955	9,449	52,261		68,665
Deferred income tax assets	6,940	20,831		(19,275)	8,496
Assets held-for-sale	72,623	7,064	16,333		96,020
<b>Total current assets</b>	<b>613,927</b>	<b>453,823</b>	<b>1,088,840</b>	<b>(419,391)</b>	<b>1,737,199</b>
Restricted deposits			23,290		23,290
Investments	2,402,350	1,959,795	84,516	(4,361,657)	85,004
Property, plant and equipment, net	161,847	258,970	541,430		962,247
Goodwill		131,818	275,429		407,247
Intangible assets, net	689,615	14,729	1,509		705,853
Other assets, net	66,680	18,684	115,740	(14,921)	186,183
<b>Total assets</b>	<b>\$ 3,934,419</b>	<b>\$ 2,837,819</b>	<b>\$ 2,130,754</b>	<b>\$ (4,795,969)</b>	<b>\$ 4,107,023</b>
<b>LIABILITIES AND EQUITY</b>					
Accounts payable	\$ 5,152	\$ 531,244	\$ 357,394	\$ (419,391)	\$ 474,399
Accrued liabilities	71,533	199,981	169,326		440,840
Current portion of long-term debt, net	(1,781)	269	9,529		8,017
Notes payable			37,308		37,308
<b>Total current liabilities</b>	<b>74,904</b>	<b>731,494</b>	<b>573,557</b>	<b>(419,391)</b>	<b>960,564</b>
Intercompany payables (receivables)	1,559,112	(320,925)	(1,238,187)		
Long-term debt, net	922,754	3,224	626,702		1,552,680
Deferred income tax liabilities	219,488			(14,921)	204,567
Other long-term liabilities	319,186	21,023	183,024		523,233
Equity attributable to shareholders of Dole Food	838,975	2,403,003	1,958,654	(4,361,657)	838,975

Company Inc. Equity attributable to non-controlling interests				27,004		27,004
Total equity	838,975	2,403,003	1,985,658	(4,361,657)		865,979
Total liabilities and equity	\$ 3,934,419	\$ 2,837,819	\$ 2,130,754	\$ (4,795,969)		\$ 4,107,023

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS****For the Year Ended January 1, 2011**

	<b>Dole Food Company, Inc.</b>	<b>Guarantors</b>	<b>Non Guarantors (In thousands)</b>	<b>Eliminations</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>					
Cash flow provided by operating activities	37,446	42,098	68,095		147,639
<b>INVESTING ACTIVITIES</b>					
Cash received from sales of assets and businesses, net of cash disposed	1,960	112	43,819		45,891
Capital expenditures	(923)	(33,899)	(52,580)		(87,402)
Restricted cash and deposits			(27,818)		(27,818)
Other	(135)		(453)		(588)
Cash flow provided by (used in) investing activities	902	(33,787)	(37,032)		(69,917)
<b>FINANCING ACTIVITIES</b>					
Short-term debt borrowings			57,535		57,535
Short-term debt repayments	(871)	(7,433)	(68,037)		(76,341)
Long-term debt borrowings	329,100		594,270		923,370
Long-term debt repayments	(337,306)	(282)	(576,385)		(913,973)
Payment of debt issuance costs	(10,100)		(6,900)		(17,000)
Payment of initial public offering costs	(1,004)				(1,004)
Dividends paid to noncontrolling interests			(1,958)		(1,958)
Cash flow used in financing activities	(20,181)	(7,715)	(1,475)		(29,371)
Effect of foreign currency exchange rate changes on cash			2,126		2,126
Increase in cash and cash equivalents	18,167	596	31,714		50,477
Cash and cash equivalents at beginning of period	20,913	2,118	96,639		119,670

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Cash and cash equivalents at end of period	\$	39,080	\$	2,714	\$	128,353	\$	170,147
--	----	--------	----	-------	----	---------	----	---------

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS****For the Year Ended January 2, 2010**

	<b>Dole Food Company, Inc.</b>	<b>Guarantors</b>	<b>Non Guarantors</b>	<b>Eliminations</b>	<b>Total</b>
			<b>(In thousands)</b>		
<b>OPERATING ACTIVITIES</b>					
Intercompany dividend income	\$ 102,000	\$ 102,000	\$	\$ (204,000)	\$
Operating activities	140,321	(43,462)	174,651	11,442	282,952
Cash flow provided by operating activities	242,321	58,538	174,651	(192,558)	282,952
<b>INVESTING ACTIVITIES</b>					
Cash received from sales of assets and businesses, net of cash disposed	1,093	46,559	111,912		159,564
Capital expenditures	(2,027)	(15,457)	(33,728)		(51,212)
Restricted deposits			(23,290)		(23,290)
Other	(101)		(556)		(657)
Cash flow provided by (used in) investing activities	(1,035)	31,102	54,338		84,405
<b>FINANCING ACTIVITIES</b>					
Short-term debt borrowings	892	14,771	22,255		37,918
Short-term debt repayments			(33,621)		(33,621)
Long-term debt borrowings	1,293,109		1,603		1,294,712
Long-term debt repayments	(1,809,752)	(293)	(96,538)		(1,906,583)
Payment of debt issuance costs	(20,103)		(5,306)		(25,409)
Long-term debt repayment costs in connection with the initial public offering	(18,028)				(18,028)
Proceeds from initial public offering, net	416,698				416,698
Repayment of assumed Hotel and Wellness Center debt	(85,000)				(85,000)
Dividends paid to parent	(15,000)				(15,000)
Intercompany dividends		(102,000)	(102,000)	204,000	
Dividends paid to noncontrolling interests			(6,382)		(6,382)

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Cash flow used in financing activities	(237,184)	(87,522)	(219,989)	204,000	(340,695)
Effect of foreign currency exchange rate changes on cash			2,179		2,179
Increase in cash and cash equivalents	4,102	2,118	11,179	11,442	28,841
Cash and cash equivalents at beginning of period	16,811		85,460	(11,442)	90,829
Cash and cash equivalents at end of period	\$ 20,913	\$ 2,118	\$ 96,639	\$	\$ 119,670

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS****For the Year Ended January 3, 2009**

	<b>Dole Food Company, Inc.</b>	<b>Guarantors</b>	<b>Non Guarantors</b>	<b>Eliminations</b>	<b>Total</b>
			<b>(In thousands)</b>		
<b>OPERATING ACTIVITIES</b>					
Cash flow provided by (used in) operating activities	\$ 285	\$ (4,763)	\$ 49,041	\$	\$ 44,563
<b>INVESTING ACTIVITIES</b>					
Cash received from sales of assets and businesses, net of cash disposed	42,404	41,209	142,870		226,483
Capital expenditures	(313)	(21,071)	(63,712)		(85,096)
Repurchase of common stock in going-private merge transaction	(245)				(245)
Cash flow provided by investing activities	41,846	20,138	79,158		141,142
<b>FINANCING ACTIVITIES</b>					
Short-term debt borrowings			94,943		94,943
Short-term debt repayments		(15,286)	(120,702)	3,722	(132,266)
Long-term debt borrowings	1,322,100		25,950		1,348,050
Long-term debt repayments	(1,397,788)	(89)	(84,923)		(1,482,800)
Borrowings between subsidiaries	33,944		(33,944)		
Dividends paid to noncontrolling interests			(13,447)		(13,447)
Cash flow used in financing activities	(41,744)	(15,375)	(132,123)	3,722	(185,520)
Effect of foreign currency exchange rate changes on cash			(6,417)		(6,417)
Increase (decrease) in cash and cash equivalents	387		(10,341)	3,722	(6,232)
Cash and cash equivalents at beginning of period	16,424		95,801	(15,164)	97,061
	\$ 16,811	\$	\$ 85,460	\$ (11,442)	\$ 90,829

Cash and cash equivalents at end of  
period

119

---



**Table of Contents****II. Supplementary Data**  
**Quarterly Financial Information (Unaudited)**

The following table presents summarized quarterly results:

2010	Quarter Ended			
	March 27, 2010	June 19, 2010	October 9, 2010	January 1, 2011
	(In thousands, except per share data)			
Revenues, net	\$ 1,605,874	\$ 1,741,522	\$ 1,988,571	\$ 1,556,647
Gross margin	172,207	200,800	199,486	117,257
Income (loss) from continuing operations, net of income taxes	22,415	33,145	(53,174)	(36,138)
Income from discontinued operations, net of income taxes	347	327	202	(247)
Gain (loss) on disposal of discontinued operations, net of income taxes			4,143	(1,186)
Net income (loss)	22,762	33,472	(48,829)	(37,571)
Less: Net income attributable to noncontrolling interests	(609)	(1,151)	(1,547)	(651)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	22,153	32,321	(50,376)	(38,222)
Basic earnings per share attributable to shareholders of Dole Food Company, Inc.	\$ 0.25	\$ 0.37	\$ (0.58)	\$ (0.44)
Diluted earnings per share attributable to shareholders of Dole Food Company, Inc.	\$ 0.25	\$ 0.37	\$ (0.58)	\$ (0.44)

2009	Quarter Ended			
	March 28, 2009	June 20, 2009	October 10, 2009	January 2, 2010
	(In thousands, except per share data)			
Revenues, net	\$ 1,596,590	\$ 1,714,722	\$ 1,938,173	\$ 1,529,036
Gross margin	203,871	222,116	176,802	166,929
Income (loss) from continuing operations, net of income taxes	102,287	20,857	(53,436)	15,378
Loss from discontinued operations, net of income taxes	122	265	445	807
Gain on disposal of discontinued operations, net of income taxes	1,308			
Net income (loss)	103,717	21,122	(52,991)	16,185
Less: Net income attributable to noncontrolling interests	(897)	(977)	(830)	(1,244)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	102,820	20,145	(53,821)	14,941

Basic earnings per share attributable to shareholders of Dole Food Company, Inc.	\$	1.99	\$	0.39	\$	(1.04)	\$	0.18
Diluted earnings per share attributable to shareholders of Dole Food Company, Inc.	\$	1.99	\$	0.39	\$	(1.04)	\$	0.18

During the fourth quarter of 2009, Dole completed a \$446 million initial public offering of 35.7 million common shares. Immediately prior to the initial public offering, Dole completed certain restructuring transactions which included a 51,710:1 share conversion. The above basic earnings per share reflected the effect of the share conversion.

**Table of Contents**

**Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A. *Controls and Procedures***

***Evaluation of Disclosure Controls and Procedures***

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act )) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management, with the participation of our principal executive officer and our principal financial officer, performed an evaluation of the effectiveness of our disclosure controls and procedures as of January 1, 2011 (the end of our fiscal year) and concluded, based on this evaluation, that our disclosure controls and procedures were effective as of January 1, 2011.

***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting that occurred in the last fiscal quarter (the fiscal quarter ended January 1, 2011) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

***Annual Report of Management on Internal Control Over Financial Reporting***

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) for Dole. Management, with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of our internal control over financial reporting as of January 1, 2011 (the end of our fiscal year), based on the framework and criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of January 1, 2011.

***Attestation Report of the Registered Public Accounting Firm***

The effectiveness of our internal control over financial reporting as of January 1, 2011 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report in Item 8 of this report on Form 10-K.

**Item 9B. *Other Information***

None.

**Table of Contents**

**PART III**

**Item 10. *Directors, Executive Officers and Corporate Governance***

Information concerning Directors, Executive Officers and Corporate Governance will be included in the Proxy Statement relating to the 2011 Annual Meeting of Stockholders to be filed within 120 days of the end of the Company's fiscal year, and is incorporated herein by reference in response to this item.

Dole has adopted a code of ethics (as defined in Item 406 of the SEC's Regulation S-K) applicable to our principal executive officer, principal financial officer and principal accounting officer. A copy of the code of ethics, which we call our Code of Conduct, and which applies to all directors and employees of Dole, is available on Dole's web site at **www.dole.com**. We intend to post on our web site any amendments to, or waivers (with respect to our principal executive officer, principal financial officer and principal accounting officer) from, this Code of Conduct within four business days of any such amendment or waiver.

**Item 11. *Executive Compensation***

Information concerning Executive Compensation, including Corporate Compensation and Benefits Committee Report, will be included in the Proxy Statement for the 2011 Annual Meeting of Stockholders to be filed within 120 days after the end of the Company's fiscal year, and is incorporated herein by reference in response to this item.

**Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information concerning Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters will be included in the Proxy Statement for the 2011 Annual Meeting of Stockholders to be filed within 120 days after the end of the Company's fiscal year, and is incorporated herein by reference in response to this item.

**Item 13. *Certain Relationships and Related Transactions, and Director Independence***

Information concerning Certain Relationships and Related Transactions, and Director Independence will be included in the Proxy Statement for the 2011 Annual Meeting of Stockholders to be filed within 120 days after the end of the Company's fiscal year, and is incorporated herein by reference in response to this item.

**Item 14. *Principal Accountant Fees and Services***

Information as to Principal Accountant Fees and Services will be included in the Proxy Statement for the 2011 Annual Meeting of Stockholders to be filed within 120 days after the end of the Company's fiscal year, and is incorporated herein by reference in response to this item.

**Table of Contents****PART IV****Item 15. Exhibits and Financial Statement Schedules**

- (a) 1. *Financial Statements:* The following consolidated financial statements are included herein in Item 8 above.

	<b>Form 10-K Page</b>
Audited Financial Statements for the Years Ended January 1, 2011, January 2, 2010 and January 3, 2009	51
2. Financial Statement Schedule Valuation and Qualifying Accounts	133
3. Exhibits:	

**Exhibits****Exhibit  
Number****Title**

- 3.1(a) Amended and Restated Certificate of Incorporation of Dole Food Company, Inc. (incorporated by reference to Exhibit 3.1 to Dole's Current Report on Form 8-K filed with the Commission on October 29, 2009)
- 3.1(b) Articles of Incorporation of Oceanic Properties Arizona, Inc., dated as of January 12, 1988. Articles of Amendment to the Articles of Incorporation of Oceanic Properties Arizona, Inc., dated as of November 16, 1990, changed the company's name to Castle & Cooke Arizona, Inc. Articles of Amendment to the Articles of Incorporation of Castle & Cooke Arizona, Inc., dated as of December 21, 1995, changed the company's name to Calazo Corporation.
- 3.1(c) Articles of Incorporation of AG 1970, Inc., dated as of September 25, 1987. Certificate of Amendment of Articles of Incorporation of AG 1970, Inc., dated as of December 13, 1989
- 3.1(d) Articles of Incorporation of AG 1971, Inc., dated as of September 25, 1987. Certificate of Amendment of Articles of Incorporation of AG 1971, Inc., dated as of December 13, 1989
- 3.1(e) Articles of Incorporation of AG 1972, Inc., dated as of September 25, 1987. Certificate of Amendment of Articles of Incorporation of AG 1972, Inc., dated as of December 13, 1989
- 3.1(f) Articles of Incorporation of Castle & Cooke Homes, Inc., dated as of February 10, 1992. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Homes, Inc., dated as of March 18, 1996, changed the company's name to Alyssum Corporation
- 3.1(g) Articles of Incorporation of Barclay Hollander Curci, Inc., dated as of February 28, 1969. Certificate of Amendment of Articles of Incorporation, dated as of February 1975, changed the company's name to Barclay Hollander Corporation. Certificate of Amendment of Articles of Incorporation of Barclay Hollander Corporation, dated as of November 26, 1980. Certificate of Amendment of Articles of Incorporation of Barclay Hollander Corporation, dated as of June 11, 1990
- 3.1(h) Articles of Incorporation of Grandma Mac's Orchard, dated as of August 27, 1976. Certificate of Amendment of Articles of Incorporation of Grandma Mac's Orchard, dated as of January 6, 1988, changed the company's name to Sun Giant, Inc. Certificate of Amendment of Articles of Incorporation of

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Sun Giant, Inc., dated as of March 4, 1988, changed the company's name to Dole Bakersfield, Inc. Certificate of Amendment of Articles of Incorporation of Dole Bakersfield, Inc., dated as of June 11, 1990. Agreement of Merger of Bud Antle, Inc. and Dole Bakersfield, Inc., dated as of December 18, 2000, changed the company's name to Bud Antle, Inc.

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
3.1(i)	Articles of Incorporation of Lake Anderson Corporation, dated as of June 26, 1964. Certificate of Amendment of Articles of Incorporation, dated as of November 12, 1971. Certificate of Amendment of Articles of Incorporation, dated as of August 28, 1972, changed the company's name to Oceanic California Inc. Certificate of Amendment of Articles of Incorporation, dated as of July 14, 1977. Certificate of Amendment of Articles of Incorporation of Oceanic California Inc., dated as of June 17, 1981. Certificate of Amendment of Articles of Incorporation of Oceanic California Inc., dated as of November 16, 1990, changed the company's name to Castle & Cooke California, Inc. Certificate of Amendment of Articles of Incorporation of Castle & Cooke California, Inc., dated as of December 21, 1995, changed the company's name to Calicahomes, Inc.
3.1(j)	Articles of Incorporation of California Polaris, Inc., dated as of April 6, 1979
3.1(k)	Articles of Incorporation of Dole ABPIK, Inc., dated as of November 15, 1988. Certificate of Amendment of Articles of Incorporation of Dole ABPIK, Inc., dated as of December 13, 1989
3.1(l)	Articles of Incorporation of Castle & Cooke Sierra Vista, Inc., dated as of June 8, 1992. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Sierra Vista, Inc., dated as of March 18, 1996, changed the company's name to Dole Arizona Dried Fruit and Nut Company
3.1(m)	Articles of Incorporation of CCJM, Inc., dated as of December 11, 1989. Certificate of Amendment of Articles of Incorporation of CCJM, Inc., dated as of September 9, 1991, changed the company's name to Dole Carrot Company
3.1(n)	Articles of Incorporation of Miracle Fruit Company, dated as of September 12, 1979. Certificate of Amendment of Articles of Incorporation of Miracle Fruit Company, dated as of October 1, 1979, changed the company's name to Blue Goose Growers, Inc. Certificate of Amendment of Articles of Incorporation of Blue Goose Growers, Inc., dated as of June 11, 1990. Certificate of Amendment of Articles of Incorporation of Blue Goose Growers, Inc., dated as of February 15, 1991, changed the company's name to Dole Citrus
3.1(o)	Articles of Incorporation of Dole DF&N, Inc., dated as of November 15, 1988. Certificate of Amendment of Articles of Incorporation of Dole DF&N, Inc., dated as of December 13, 1989
3.1(p)	General Partnership Agreement of Dole Dried Fruit and Nut Company, a California general partnership, dated as of October 15, 1995
3.1(q)	Articles of Incorporation of Canfield Farming Company, dated as of July 17, 1963. Certificate of Amendment of Articles of Incorporation of Canfield Farming Company, dated as of March 15, 1971, changed the company's name to Tenneco Farming Company. Certificate of Amendment of Articles of Incorporation of Tenneco Farming Company, dated as of January 6, 1988, changed the company's name to Sun Giant Farming, Inc. Certificate of Amendment of Articles of Incorporation of Sun Giant Farming, Inc., dated as of April 25, 1988, changed the company's name to Dole Farming, Inc. Certificate of Amendment of Articles of Incorporation of Dole Farming, Inc., dated as of June 11, 1990
3.1(r)	Articles of Incorporation of Castle & Cooke Fresh Vegetables, Inc., dated as of July 14, 1983. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Fresh Vegetables, Inc., dated as of December 13, 1989. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Fresh Vegetables, Inc., dated as of January 2, 1990, changed the company's name to Dole Fresh Vegetables, Inc.
3.1(s)	Restated Articles of Incorporation of T.M. Duche Nut Co., Inc., dated as of October 15, 1986. Certificate of Amendment of Articles of Incorporation of T.M. Duche Nut Co., Inc., dated as of November 14, 1986. Certificate of Amendment of Articles of Incorporation, dated as of April 20, 1988, changed the company's name to Dole Nut Company. Certificate of Amendment of Articles of Incorporation of Dole Nut Company, dated as of December 13, 1989. Certificate of Amendment of Articles of Incorporation of

- 3.1(t) Dole Nut Company, dated as of January 28, 1998, changed the company's name to Dole Orland, Inc. Articles of Incorporation of S & J Ranch, Inc., dated as of December 15, 1952. Certificate of Amendment of Articles of Incorporation of S & J Ranch, Inc., dated as of December 13, 1989. Certificate of Amendment of Articles of Incorporation of S & J Ranch, Inc., dated as of September 27, 2000, changed the company's name to Dole Visage, Inc.



**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
3.1(u)	Articles of Incorporation of E.T. Wall, Grower-Shipper, Inc., dated as of November 25, 1975. Certificate of Amendment of Articles of Incorporation of E.T. Wall, Grower-Shipper, Inc., dated as of July 25, 1984, changed the company s name to E.T. Wall Company. Certificate of Amendment of Articles of Incorporation of E.T. Wall Company, dated as of June 11, 1990
3.1(v)	Articles of Incorporation of Earlibest Orange Association, Inc., dated as of November 7, 1963. Certificate of Amendment of Articles of Incorporation of Earlibest Orange Association, Inc., dated as of December 13, 1989
3.1(w)	Articles of Incorporation of The Citrus Company, dated as of February 1, 1984. Certificate of Amendment of Articles of Incorporation of The Citrus Company, dated as of February 16, 1984, changed the company s name to Fallbrook Citrus Company, Inc. Certificate of Amendment of Articles of Incorporation, dated as of March 15, 1994. Certificate of Amendment of Articles of Incorporation of Fallbrook Citrus Company, Inc., dated as of June 11, 1990
3.1(x)	Articles of Incorporation of Lindero Headquarters Company, Inc., dated as of February 12, 1998
3.1(y)	Articles of Incorporation of Lindero Property, Inc., dated as of October 10, 1991
3.1(z)	Articles of Incorporation of Oceanview Produce Company, dated as of June 15, 1989. Certificate of Amendment of Articles of Incorporation of Oceanview Produce Company, dated as of August 7, 1989
3.1(aa)	Articles of Incorporation of Prairie Vista, Inc., dated as of November 23, 1953
3.1(ab)	Articles of Incorporation of Kingsize Packing Co., dated as of February 5, 1990. Certificate of Amendment of Articles of Incorporation of Kingsize Packing Co., dated as of March 30, 1990, changed the company s name to Royal Packing Co.
3.1(ac)	Articles of Incorporation of Trojan Transport Co., dated as of August 31, 1955. Certificate of Amendment of Articles of Incorporation of Trojan Transport Co., dated as of July 31, 1956, changed the company s name to Trojan Transportation and Warehouse Co. Certificate of Amendment of Articles of Incorporation of Trojan Transportation Co., dated as of January 24, 1961, changed the company s name to Veltman Terminal Co.
3.1(ad)	Certificate of Incorporation of Bananera Antillana (Columbia), Inc., dated as of November 16, 1977
3.1(ae)	Certificate of Incorporation of Clovis Citrus Association, dated as of January 24, 1990. Certificate of Amendment of Certificate of Incorporation of Clovis Citrus Association, dated as of January 24, 1990
3.1(af)	Certificate of Incorporation of Tenneco Sudan, Inc., dated as of June 8, 1977. Certificate of Amendment of Certificate of Incorporation of Tenneco Sudan, Inc., dated as of December 10, 1986, changed the company s name to Tenneco Realty Development Holding Corporation. Certificate of Amendment of Certificate of Incorporation of Tenneco Realty Development Holding Corporation, dated as of April 21, 1988, changed the company s name to Oceanic California Realty Development Holding Corporation. Certificate of Amendment of Certificate of Incorporation of Oceanic California Realty Development Holding Corporation, dated as of November 16, 1990, changed the company s name to Castle & Cooke Bakersfield Holdings, Inc. Certificate of Amendment of Certificate of Incorporation of Castle & Cooke Bakersfield Holdings, Inc., dated as of March 18, 1996, changed the company s name to Delphinium Corporation
3.1(ag)	Certificate of Incorporation of Standard Banana Company, dated as of March 21, 1955. Certificate of Amendment of Certificate of Incorporation of Standard Banana Company, dated as of January 8, 1971, changed the company s name to Standard Fruit Sales Company. Certificate of Amendment of Certificate of Incorporation of Standard Fruit Sales Company, dated as of June 6, 1973, changed the company s name to Castle & Cooke Food Sales Company. Certificate of Amendment of Certificate of Incorporation of Castle & Cooke Food Sales Company, dated as of September 25, 1984, changed the company s name to Dole Europe Company. Certificate of Change of Location of Registered Office and of Registered Agent,

dated as of April 18, 1988

- 3.1(ah) Certificate of Incorporation of Castle Aviation, Inc., dated as of June 25, 1987. Certificate of Amendment of Certificate of Incorporation of Castle Aviation, Inc., dated as of April 10, 1992, changed the company's name to Dole Foods Flight Operations, Inc.

125

---

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
3.1(aj)	Certificate of Incorporation of Wenatchee-Beebe Orchard Company, dated as of November 7, 1927. Certificate of Ownership and Merger in Wenatchee-Beebe Orchard Company, dated as of June 23, 1943. Certificate of Amendment of Certificate of Incorporation of Wenatchee-Beebe Orchard Company, dated as of April 20, 1983, changed the company's name to Beebe Orchard Company. Certificate of Merger of Wells and Wade Fruit Company and Beebe Orchard Company, dated as of March 23, 2001, changed the company's name to Dole Northwest, Inc.
3.1(ak)	Certificate of Incorporation of Dole Sunburst Express, Inc. Certificate of Amendment of Certificate of Incorporation of Dole Sunburst Express, Inc., dated as of July 21, 1996, changed the company's name to Dole Sunfresh Express, Inc.
3.1(al)	Certificate of Incorporation of Standard Fruit and Steamship Company, dated as of January 2, 1968
3.1(am)	Certificate of Incorporation of Standard Fruit Company, dated as of March 14, 1955. Certificate of Change of Location of Registered Office and of Registered Agent, dated as of April 18, 1988
3.1(an)	Certificate of Incorporation of Produce America, Inc., dated as of June 24, 1982. Certificate of Amendment of Certificate of Incorporation Before Payment of Capital of Produce America, Inc., dated as of October 29, 1982, changed the company's name to CCFV, Inc. Certificate of Amendment of Certificate of Incorporation of CCFV, Inc., dated as of September 29, 1983, changed the company's name to Sun Country Produce, Inc.
3.1(ao)	Certificate of Incorporation of West Foods, Inc., dated as of March 9, 1973
3.1(ap)	Certificate of Incorporation of Cool Advantage, Inc., dated as of December 14, 1998
3.1(aq)	Articles of Incorporation of Cool Care Consulting, Inc., dated as of September 16, 1986. Articles of Amendment of Cool Care Consulting, Inc., dated as of April 4, 1996, changed the company's name to Cool Care, Inc.
3.1(as)	Articles of Incorporation of Saw Grass Transport, Inc., dated as of June 24, 1999
3.1(at)	Articles of Incorporation of Castle & Cooke Development Corporation, dated as of June 8, 1992. Articles of Amendment to Change Corporate Name, dated as of March 1, 1993, changed the company's name to Castle & Cooke Communities, Inc. Articles of Amendment to Change Corporate Name, dated as of March 18, 1996, changed the company's name to Blue Anthurium, Inc.
3.1(au)	Articles of Incorporation of Dole Acquisition Corporation, dated as of October 13, 1994. Articles of Amendment to Change Corporate Name, dated as of January 10, 1995, changed the company's name to Castle & Cooke Homes, Inc. Articles of Amendment to Change Corporate Name, dated as of March 18, 1996, changed the company's name to Cerulean, Inc.
3.1(av)	Articles of Incorporation of Castle & Cooke Land Company, Inc., dated as of March 8, 1990. Articles of Amendment to Change Corporate Name, dated as of May 7, 1997, changed the company's name to Dole Diversified, Inc.
3.1(aw)	Articles of Association of Kohala Sugar Company, dated as of February 3, 1863. Articles of Amendment to Change Corporate Name, dated as of May 1, 1989, changed the company's name to Dole Land Company, Inc.
3.1(ax)	Articles of Incorporation of Dole Packaged Foods Corporation, dated as of April 4, 1990
3.1(ay)	Articles of Association of Oceanic Properties, Inc., dated as of May 19, 1961. Articles of Amendment to Change Corporate Name, dated as of October 23, 1990, changed the company's name to Castle & Cooke Properties, Inc. Articles of Amendment, dated as of November 26, 1990. Articles of Amendment to Change Corporate Name, dated as of December 4, 1995, changed the company's name to La Petite d Agen, Inc.
3.1(az)	Articles of Incorporation of Lanai Holdings, Inc., dated as of May 4, 1990. Articles of Amendment, dated as of November 26, 1990. Articles of Amendment to Change Corporate Name, dated as of January 22,

- 3.1(ba) 1996, changed the company's name to Malaga Company, Inc.  
Articles of Incorporation of M K Development, Inc., dated as of February 26, 1988. Articles of  
Amendment, dated as of November 26, 1990

126

---

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
3.1(bb)	Articles of Incorporation of Mililani Town, Inc., dated as of December 29, 1966. Articles of Amendment, dated as of November 26, 1990. Articles of Amendment to Change Corporate Name, December 24, 1990, changed the company's name to Castle & Cooke Residential, Inc. Articles of Amendment to Change Corporate Name, dated as of October 21, 1993, changed the company's name to Castle & Cooke Homes Hawaii, Inc. Articles of Amendment to Change Corporate Name, dated as of December 4, 1995, changed the company's name to Muscat, Inc.
3.1(bc)	Articles of Incorporation of Oahu Transport Company, Limited, dated as of April 15, 1947. Articles of Amendment, dated as of July 24, 1987. Articles of Amendment, dated as of May 1997
3.1(bd)	Articles of Incorporation of Wahiawa Water Company, Inc., dated as of June 24, 1975
3.1(be)	Articles of Incorporation of Waialua Sugar Company, Inc., dated as of January 12, 1968. Certificate of Amendment, dated as of January 24, 1986
3.1(bf)	Certificate of Incorporation of Lanai Company, Inc., dated as of June 15, 1970. Articles of Amendment, dated as of November 26, 1990. Articles of Amendment to Change Corporate Name, dated as of December 4, 1995, changed the company's name to Zante Currant, Inc.
3.1(bg)	Articles of Incorporation of Diversified Imports Co., dated as of December 1, 1987
3.1(bh)	Articles of Incorporation of Dole Assets, Inc., dated as of September 9, 1997
3.1(bi)	Articles of Incorporation of Dole Fresh Fruit Company, dated as of September 12, 1985
3.1(bj)	Articles of Incorporation of Castle & Cooke Fresh Fruit, Inc., dated as of October 27, 1983. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Fresh Fruit Company, dated as of May 9, 1997, changed the company's name to Dole Holdings Inc.
3.1(bk)	Articles of Incorporation of Dole Logistics Services, Inc., dated as of February 4, 1993
3.1(bl)	Articles of Incorporation of Dole Ocean Cargo Express, Inc., dated as of July 8, 1999
3.1(bm)	Articles of Incorporation of Dole Ocean Liner Express, Inc., dated as of June 3, 1993
3.1(bn)	Articles of Incorporation of Renaissance Capital Corporation, dated as of July 28, 1995
3.1(bo)	Certificate of Incorporation of Sun Giant, Inc., dated as of December 8, 1987
3.1(bp)	Certificate of Incorporation of Miradero Fishing Company, Inc., dated as of August 9, 1971
3.1(bq)	Articles of Incorporation of DNW Services Company, dated as of June 4, 1998
3.1(br)	Articles of Incorporation of Pacific Coast Truck Company, dated as of June 27, 1995
3.1(bs)	Articles of Incorporation of Pan-Alaska Fisheries, Inc., dated as of July 28, 1959. Articles of Amendment to Articles of Incorporation of Pan-Alaska Fisheries, Inc., dated as of May 26, 1972. Articles of Amendment to Articles of Incorporation of Pan-Alaska Fisheries, Inc., dated as of August 30, 1973. Amendment to Articles of Incorporation, dated as of June 25, 1976
3.1(bt)	Articles of Organization-Conversion of Dole Packaged Foods, LLC, dated as of December 30, 2005 (incorporated by reference to Exhibit 3.1(bt) to Dole's Annual Report on Form 10-K for the year ended December 30, 2006)
3.2(a)	Amended and Restated Bylaws of Dole Food Company, Inc. (incorporated by reference to Exhibit 3.2 to Dole's Current Report on Form 8-K filed with the Commission on October 29, 2009)
3.2(b)	Form of By-Laws of the Additional Registrants
3.2(c)	Limited Liability Agreement of Dole Packaged Foods, LLC, dated as of December 30, 2005 (incorporated by reference to Exhibit 3.2(c) to Dole's Annual Report on Form 10-K for the year ended December 30, 2006)
4.1	Indenture, dated as of July 15, 1993, between Dole and Chase Manhattan Bank and Trust Company (formerly Chemical Trust Company of California) (incorporated by reference to Exhibit 4.1 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))



**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
4.2	Form of First Supplemental Indenture, dated as of April 30, 2002, between Dole and J.P. Morgan Trust Company, National Association, to the Indenture dated as of July 15, 1993, pursuant to which \$400 million of Dole's senior notes due 2009 were issued (incorporated by reference to Exhibit 4.2 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
4.3	Officers' Certificate, dated August 3, 1993, pursuant to which \$175 million of Dole's debentures due 2013 were issued (incorporated by reference to Exhibit 4.3 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
4.4	Second Supplemental Indenture, dated as of March 28, 2003, between Dole and Wells Fargo Bank, National Association (successor trustee to J.P. Morgan Trust Company), to the Indenture dated as of July 15, 1993 (incorporated by reference to Exhibit 4.4 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
4.5	Agreement of Removal, Appointment and Acceptance, dated as of March 28, 2003, by and among Dole, J.P. Morgan Trust Company, National Association, successor in interest to Chemical Trust Company of California, as Prior Trustee, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.5 to Dole's Registration Statement on Form S-4, filed with the Commission on June 25, 2004 (File No. 333-106493))
4.6	Third Supplemental Indenture, dated as of June 25, 2003, by and among Dole, Miradero Fishing Company, Inc., the guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.6 to Dole's Registration Statement on Form S-4, filed with the Commission on June 25, 2004 (File No. 333-106493))
4.7	First Supplemental Indenture, dated as of June 25, 2003, by and among Dole, Miradero Fishing Company, Inc., the guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.8 to Dole's Registration Statement on Form S-4, filed with the Commission on June 25, 2004 (File No. 333-106493))
4.8	Form of Dole Food Company, Inc. Master Retirement Savings Trust Agreement, dated as of February 1, 1999, between Dole and The Northern Trust Company (incorporated by reference to Exhibit 4.13 to Amendment No. 1 to Dole's Registration Statement on Form S-1 filed with the Commission on September 18, 2009 (File No. 333-161345))
4.9	Indenture, dated as of March 18, 2009, among Dole Food Company, Inc., the guarantors signatory thereto and U.S. Bank National Association, as trustee, pursuant to which \$349,903,000 of Dole's 13.875% senior secured notes due 2014 were issued (incorporated by reference to Exhibit 4.15 to Dole's Current Report on Form 8-K filed with the Commission on March 24, 2009)
4.10	Form of Global Note for Dole's 13.875% senior secured notes due 2014 (included as Exhibit A to Exhibit Number 4.9 hereto)
4.11	Form of Guarantee for Dole's 13.875% senior secured notes due 2014 (included as Exhibit D to Exhibit 4.9 hereto)
4.12	Registration Rights Agreement, dated as of March 18, 2009, among Dole Food Company, Inc. and the guarantors named therein, as issuers, and Deutsche Bank Securities, Inc., Banc of America Securities LLC, Scotia Capital (USA) Inc., Rabo Securities USA, Inc. and Goldman, Sachs & Co., as initial purchasers (incorporated by reference to Exhibit 4.17 to Dole's Current Report on Form 8-K filed with the Commission on March 24, 2009)
4.13	Form of Stock Certificate (incorporated by reference to Exhibit 4.18 to Amendment No. 6 to Dole's Registration Statement on Form S-1 filed with the Commission on October 22, 2009 (File No. 333-161345))

Edgar Filing: DOLE FOOD CO INC - Form 10-K

- 4.14 Indenture, dated as of September 25, 2009, among Dole Food Company, Inc., the guarantors signatory thereto and Deutsche Bank Trust Company Americas, as trustee, pursuant to which \$315,000,000 of Dole's 8% senior secured notes due 2016 were issued (incorporated by reference to Exhibit 99.1 to Dole's Current Report on Form 8-K filed with the Commission on September 30, 2009)
- 4.15 Form of Global Note for Dole's 8% senior secured notes due 2016 (included as Exhibit A to Exhibit 14.14 hereto)



**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
4.16	Form of Guarantee for Dole's 8% senior secured notes due 2016 (included as Exhibit D to Exhibit 14.14 hereto)
4.17	Registration Rights Agreement, dated as of September 25, 2009, among Dole Food Company, Inc. and the guarantors named therein, as issuers, and Deutsche Bank Securities, Inc., Banc of Americas Securities LLC, Wells Fargo Securities, LLC, Scotia Capital (USA) Inc. and Goldman, Sachs & Co., as initial purchasers (incorporated by reference to Exhibit 99.3 to Dole's Current Report on Form 8-K filed with the Commission on September 30, 2009)
10.1	Credit Agreement, dated as of March 28, 2003, amended and restated as of April 18, 2005, further amended and restated as of April 12, 2006, as amended March 18, 2009, as further amended on October 26, 2009 and as further amended on March 2, 2010, among Dole Food Company, Inc., a Delaware corporation, Solvest, Ltd., a company organized under the laws of Bermuda, the Lenders from time to time party thereto, Deutsche Bank AG New York Branch, as Deposit Bank, Deutsche Bank AG New York Branch, as Administrative Agent, Banc of America Securities LLC, as Syndication Agent, The Bank of Nova Scotia and Rabobank International, as Co-Documentation Agents, and Deutsche Bank Securities Inc., as Lead Arranger and Sole Book Runner (incorporated by reference to Exhibit 10.1 to Dole's Current Report on Form 8-K filed with the Commission on March 3, 2010)
10.2	Credit Agreement, dated as of April 12, 2006, as amended on March 18, 2009, as further amended on October 26, 2009 and as further amended on March 2, 2010, among Dole Food Company, Inc., a Delaware corporation, the Lenders party thereto from time to time, Deutsche Bank AG New York Branch, as Administrative Agent, Wells Fargo Capital Finance, LLC and Bank of America, N.A., as Co-Syndication Agents, The Bank of Nova Scotia, COBANK ACB and U.S. Bank National Association, as C-Documentation Agents, Deutsche Bank Securities Inc., Wells Fargo Capital Finance, LLC and Banc of America Securities LLC, as Joint Lead Arrangers and Joint Book Running Managers (incorporated by reference to Exhibit 10.2 to Dole's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, File No. 1-4455)
10.3*#	Supplementary Executive Retirement Plan, Fifth Restatement, effective February 24, 2011
10.4*#	Excess Savings Plan, Restated, effective February 24, 2011
10.5*#	Supplementary Executive Retirement Plan Rabbi Trust Agreement, dated January 27, 2003, by and between Dole Food Company, Inc. and Mellon Bank, N.A.
10.6*#	Excess Savings Plan Rabbi Trust Agreement, dated December 4, 2002, by and between Dole Food Company, Inc. and Mellon Bank, N.A.
10.7*#	Amendment 2009-1, effective October 8, 2009, to Dole Food Company, Inc. Supplementary Executive Retirement Plan Rabbi Trust Agreement
10.8*#	Amendment 2009-1, effective October 8, 2009, to Dole Food Company, Inc. Excess Savings Plan Rabbi Trust Agreement
10.9*#	Amendment 2011-1, effective February 24, 2011, to Dole Food Company, Inc. Supplementary Executive Retirement Plan Rabbi Trust Agreement
10.10*#	Amendment 2011-1, effective February 24, 2011, to Dole Food Company, Inc. Excess Savings Plan Rabbi Trust Agreement
10.11	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.12 to Amendment No. 4 to Dole's Registration Statement on Form S-1 filed with the Commission on October 14, 2009 (File No. 333-161345))
10.12#	Form of Restricted Stock Agreement for Non-Employee Directors under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to Dole's Current Report on Form 8-K, filed with the Commission on February 25, 2011)

Edgar Filing: DOLE FOOD CO INC - Form 10-K

- 10.13\*# Dole's Non-Employee Directors Deferred Cash Compensation Plan, as amended and restated, effective February 24, 2011
- 10.14# Severance Pay Plan for Employees of Dole Food Company, Inc. and Participating Divisions and Subsidiaries, dated December 30, 2008 (incorporated by reference to Exhibit 10.9 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))

129

---

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
10.15#	Amendment to Severance Pay Plan for Employees of Dole Food Company, Inc. and Participating Divisions and Subsidiaries, dated December 30, 2008 (incorporated by reference to Exhibit 10.10 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
10.16#	Form of Change of Control Agreement with Messrs. C. Michael Carter and Joseph S. Tesoriero (incorporated by reference to Exhibit 10.11 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
10.17#	Form of Change of Control Agreement with Messrs. David H. Murdock and David A. DeLorenzo (incorporated by reference to Exhibit 10.16 to Dole's Annual Report on Form 10-K for the fiscal year ended January 2, 2010)
10.18*#	Form of Tier I Change of Control Agreement to be used for new agreements entered into after February 24, 2011
10.19*#	Form of Tier II Change of Control Agreement to be used for new agreements entered into after February 24, 2011
10.20#	Form of Amendment No. 1 to Form of Change of Control Agreement filed as Exhibit 10.15 (incorporated by reference to Exhibit 10.3 to Dole's Current Report on Form 8-K filed with the Commission on January 11, 2010)
10.21*#	Form of Amendment No. 2 to Form of Change of Control Agreements filed as Exhibits 10.16 and 10.17
10.22*#	Form of Amendment No. 3 to Form of Change of Control Agreements filed as Exhibits 10.16 and 10.17
10.23	Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.13 to Amendment No. 2 to Dole's Registration Statement on Form S-1 filed with the Commission on September 24, 2009 (File No. 333-161345))
10.24*#	Dole Food Company, Inc. 2009 Stock Incentive Plan, as amended
10.25#	Form of Incentive Stock Option Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.15 to Dole's Quarterly Report on Form 10-Q for the quarterly period ended October 10, 2009)
10.26#	2009 Form of Non-Qualified Stock Option Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to Amendment No. 6 to Dole's Registration Statement on Form S-1 filed with the Commission on October 22, 2009 (File No. 333-161345))
10.27#	2009 Form of Restricted Stock Unit Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.17 to Dole's Quarterly Report on Form 10-Q for the quarterly period ended October 10, 2009)
10.28#	2009 Form of Restricted Stock Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.22 to Amendment No. 6 to Dole's Registration Statement on Form S-1 filed with the Commission on October 22, 2009 (File No. 333-161345))
10.29#	Alternative Form of Restricted Stock Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.21 to Dole's Annual Report on Form 10-K for the fiscal year ended January 2, 2010)
10.30#	Dole's 2010 Management One-Year Incentive Plan (incorporated by reference to Exhibit 10.3 to Dole's Current Report on Form 8-K filed with the Commission on March 3, 2010)
10.31#	2010 Form of Non-Qualified Stock Option Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Dole's Current Report on Form 8-K filed with the Commission on December 3, 2010)
10.32#	2010 Form of Restricted Stock Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dole's Current Report on Form 8-K filed with the

10.33*#	Commission on December 3, 2010) 2010 Form of Restricted Stock Unit Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan
---------	--

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
10.34#	Dole Food Company, Inc. 2011 Self-Funded Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Dole's Current Report on Form 8-K, filed with the Commission on February 25, 2011)
10.35#	Form of Performance Shares Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dole's Current Report on Form 8-K, filed with the Commission on February 25, 2011)
10.36#	Dole Food Company, Inc. Sustained Profit Growth Plan, effective January 1, 2008 (incorporated by reference to Exhibit 10.21 to Amendment No. 4 to Dole's Registration Statement on Form S-1 filed with the Commission on October 9, 2009 (File No. 333-161345))
12*	Ratio of Earnings to Fixed Charges
21*	Subsidiaries of Dole Food Company, Inc.
23*	Consent of Deloitte & Touche LLP
31.1*	Certification by the President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2*	Certification by the Executive Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32.1**	Certification by the President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act
32.2**	Certification by the Executive Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act

Incorporated by reference to the correspondingly numbered exhibits to Dole's Registration Statement on Form S-4, filed with the Commission on June 25, 2004 (File No. 333-106493).

\* Filed herewith.

\*\* Furnished herewith.

# Management compensatory plan or arrangement.

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dole Food Company, Inc.  
Registrant

By: */s/ David A. DeLorenzo*  
David A. DeLorenzo  
*President and Chief Executive Officer*

March 14, 2011

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David A. DeLorenzo and C. Michael Carter, or any of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the foregoing, as fully to all intents and purposes as he might or could do in person, lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<i>/s/ David H. Murdock</i>	Chairman and Director	March 14, 2011
David H. Murdock		
<i>/s/ David A. DeLorenzo</i>	President and Chief Executive Officer and Director	March 14, 2011
David A. DeLorenzo		
<i>/s/ Joseph S. Tesoriero</i>	Executive Vice President and Chief Financial Officer	March 14, 2011
Joseph S. Tesoriero		
<i>/s/ Yoon J. Hugh</i>	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	March 14, 2011
Yoon J. Hugh		
<i>/s/ Elaine L. Chao</i>	Director	March 14, 2011

Elaine L. Chao		
/s/ Andrew J. Conrad	Director	March 14, 2011
Andrew J. Conrad		
/s/ Sherry Lansing	Director	March 14, 2011
Sherry Lansing		
/s/ Justin Murdock	Director	March 14, 2011
Justin Murdock		
/s/ Dennis M. Weinberg	Director	March 14, 2011
Dennis M. Weinberg		

**Table of Contents****DOLE FOOD COMPANY, INC.****VALUATION AND QUALIFYING ACCOUNTS**

	<b>Balance at Beginning of Period</b>	<b>Additions</b>	<b>Deductions(A) (In thousands)</b>	<b>Charged to Other Accounts(B)</b>	<b>Balance at End of Period</b>
<b>Year Ended January 1, 2011</b>					
<i>Allowance for doubtful accounts</i>					
Trade receivables	\$ 35,501	\$ 22,287	\$ (37,487)	\$ (117)	\$ 20,184
Notes and other current receivables	15,879	5,634	(5,277)	113	16,349
Long-term notes and other receivables	21,213	21,584	(3,096)	(93)	39,608
<b>Year Ended January 2, 2010</b>					
<i>Allowance for doubtful accounts</i>					
Trade receivables	\$ 28,918	\$ 21,014	\$ (12,921)	\$ (1,510)	\$ 35,501
Notes and other current receivables	12,439	3,818	(2,727)	2,349	15,879
Long-term notes and other receivables	20,188	5,723	(3,533)	(1,165)	21,213
<b>Year Ended January 3, 2009</b>					
<i>Allowance for doubtful accounts</i>					
Trade receivables	\$ 47,238	\$ 8,438	\$ (25,513)	\$ (1,245)	\$ 28,918
Notes and other current receivables	14,482	2,362	(2,764)	(1,641)	12,439
Long-term notes and other receivables	18,536	3,362	(3,005)	1,295	20,188

**Note:**

(A) Includes write-offs of uncollectible amounts

(B) Includes purchase accounting and transfers among balance sheet accounts



**Table of Contents****Exhibit Index**

<b>Exhibit Number</b>	<b>Title</b>
3.1(a)	Amended and Restated Certificate of Incorporation of Dole Food Company, Inc. (incorporated by reference to Exhibit 3.1 to Dole's Current Report on Form 8-K filed with the Commission on October 29, 2009)
3.1(b)	Articles of Incorporation of Oceanic Properties Arizona, Inc., dated as of January 12, 1988. Articles of Amendment to the Articles of Incorporation of Oceanic Properties Arizona, Inc., dated as of November 16, 1990, changed the company's name to Castle & Cooke Arizona, Inc. Articles of Amendment to the Articles of Incorporation of Castle & Cooke Arizona, Inc., dated as of December 21, 1995, changed the company's name to Calazo Corporation.
3.1(c)	Articles of Incorporation of AG 1970, Inc., dated as of September 25, 1987. Certificate of Amendment of Articles of Incorporation of AG 1970, Inc., dated as of December 13, 1989
3.1(d)	Articles of Incorporation of AG 1971, Inc., dated as of September 25, 1987. Certificate of Amendment of Articles of Incorporation of AG 1971, Inc., dated as of December 13, 1989
3.1(e)	Articles of Incorporation of AG 1972, Inc., dated as of September 25, 1987. Certificate of Amendment of Articles of Incorporation of AG 1972, Inc., dated as of December 13, 1989
3.1(f)	Articles of Incorporation of Castle & Cooke Homes, Inc., dated as of February 10, 1992. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Homes, Inc., dated as of March 18, 1996, changed the company's name to Alyssum Corporation
3.1(g)	Articles of Incorporation of Barclay Hollander Curci, Inc., dated as of February 28, 1969. Certificate of Amendment of Articles of Incorporation, dated as of February 1975, changed the company's name to Barclay Hollander Corporation. Certificate of Amendment of Articles of Incorporation of Barclay Hollander Corporation, dated as of November 26, 1980. Certificate of Amendment of Articles of Incorporation of Barclay Hollander Corporation, dated as of June 11, 1990
3.1(h)	Articles of Incorporation of Grandma Mac's Orchard, dated as of August 27, 1976. Certificate of Amendment of Articles of Incorporation of Grandma Mac's Orchard, dated as of January 6, 1988, changed the company's name to Sun Giant, Inc. Certificate of Amendment of Articles of Incorporation of Sun Giant, Inc., dated as of March 4, 1988, changed the company's name to Dole Bakersfield, Inc. Certificate of Amendment of Articles of Incorporation of Dole Bakersfield, Inc., dated as of June 11, 1990. Agreement of Merger of Bud Antle, Inc. and Dole Bakersfield, Inc., dated as of December 18, 2000, changed the company's name to Bud Antle, Inc.
3.1(i)	Articles of Incorporation of Lake Anderson Corporation, dated as of June 26, 1964. Certificate of Amendment of Articles of Incorporation, dated as of November 12, 1971. Certificate of Amendment of Articles of Incorporation, dated as of August 28, 1972, changed the company's name to Oceanic California Inc. Certificate of Amendment of Articles of Incorporation, dated as of July 14, 1977. Certificate of Amendment of Articles of Incorporation of Oceanic California Inc., dated as of June 17, 1981. Certificate of Amendment of Articles of Incorporation of Oceanic California Inc., dated as of November 16, 1990, changed the company's name to Castle & Cooke California, Inc. Certificate of Amendment of Articles of Incorporation of Castle & Cooke California, Inc., dated as of December 21, 1995, changed the company's name to Calicahomes, Inc.
3.1(j)	Articles of Incorporation of California Polaris, Inc., dated as of April 6, 1979
3.1(k)	Articles of Incorporation of Dole ABPIK, Inc., dated as of November 15, 1988. Certificate of Amendment of Articles of Incorporation of Dole ABPIK, Inc., dated as of December 13, 1989
3.1(l)	Articles of Incorporation of Castle & Cooke Sierra Vista, Inc., dated as of June 8, 1992. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Sierra Vista, Inc., dated as of March 18,

- 3.1(m) 1996, changed the company's name to Dole Arizona Dried Fruit and Nut Company  
Articles of Incorporation of CCJM, Inc., dated as of December 11, 1989. Certificate of Amendment of  
Articles of Incorporation of CCJM, Inc., dated as of September 9, 1991, changed the company's name to  
Dole Carrot Company
-

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
3.1(n)	Articles of Incorporation of Miracle Fruit Company, dated as of September 12, 1979. Certificate of Amendment of Articles of Incorporation of Miracle Fruit Company, dated as of October 1, 1979, changed the company's name to Blue Goose Growers, Inc. Certificate of Amendment of Articles of Incorporation of Blue Goose Growers, Inc., dated as of June 11, 1990. Certificate of Amendment of Articles of Incorporation of Blue Goose Growers, Inc., dated as of February 15, 1991, changed the company's name to Dole Citrus
3.1(o)	Articles of Incorporation of Dole DF&N, Inc., dated as of November 15, 1988. Certificate of Amendment of Articles of Incorporation of Dole DF&N, Inc., dated as of December 13, 1989
3.1(p)	General Partnership Agreement of Dole Dried Fruit and Nut Company, a California general partnership, dated as of October 15, 1995
3.1(q)	Articles of Incorporation of Canfield Farming Company, dated as of July 17, 1963. Certificate of Amendment of Articles of Incorporation of Canfield Farming Company, dated as of March 15, 1971, changed the company's name to Tenneco Farming Company. Certificate of Amendment of Articles of Incorporation of Tenneco Farming Company, dated as of January 6, 1988, changed the company's name to Sun Giant Farming, Inc. Certificate of Amendment of Articles of Incorporation of Sun Giant Farming, Inc., dated as of April 25, 1988, changed the company's name to Dole Farming, Inc. Certificate of Amendment of Articles of Incorporation of Dole Farming, Inc., dated as of June 11, 1990
3.1(r)	Articles of Incorporation of Castle & Cooke Fresh Vegetables, Inc., dated as of July 14, 1983. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Fresh Vegetables, Inc., dated as of December 13, 1989. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Fresh Vegetables, Inc., dated as of January 2, 1990, changed the company's name to Dole Fresh Vegetables, Inc.
3.1(s)	Restated Articles of Incorporation of T.M. Duche Nut Co., Inc., dated as of October 15, 1986. Certificate of Amendment of Articles of Incorporation of T.M. Duche Nut Co., Inc., dated as of November 14, 1986. Certificate of Amendment of Articles of Incorporation, dated as of April 20, 1988, changed the company's name to Dole Nut Company. Certificate of Amendment of Articles of Incorporation of Dole Nut Company, dated as of December 13, 1989. Certificate of Amendment of Articles of Incorporation of Dole Nut Company, dated as of January 28, 1998, changed the company's name to Dole Orland, Inc.
3.1(t)	Articles of Incorporation of S & J Ranch, Inc., dated as of December 15, 1952. Certificate of Amendment of Articles of Incorporation of S & J Ranch, Inc., dated as of December 13, 1989. Certificate of Amendment of Articles of Incorporation of S & J Ranch, Inc., dated as of September 27, 2000, changed the company's name to Dole Visage, Inc.
3.1(u)	Articles of Incorporation of E.T. Wall, Grower-Shipper, Inc., dated as of November 25, 1975. Certificate of Amendment of Articles of Incorporation of E.T. Wall, Grower-Shipper, Inc., dated as of July 25, 1984, changed the company's name to E.T. Wall Company. Certificate of Amendment of Articles of Incorporation of E.T. Wall Company, dated as of June 11, 1990
3.1(v)	Articles of Incorporation of Earlibest Orange Association, Inc., dated as of November 7, 1963. Certificate of Amendment of Articles of Incorporation of Earlibest Orange Association, Inc., dated as of December 13, 1989
3.1(w)	Articles of Incorporation of The Citrus Company, dated as of February 1, 1984. Certificate of Amendment of Articles of Incorporation of The Citrus Company, dated as of February 16, 1984, changed the company's name to Fallbrook Citrus Company, Inc. Certificate of Amendment of Articles of Incorporation, dated as of March 15, 1994. Certificate of Amendment of Articles of Incorporation of Fallbrook Citrus Company, Inc., dated as of June 11, 1990
3.1(x)	Articles of Incorporation of Lindero Headquarters Company, Inc., dated as of February 12, 1998

Edgar Filing: DOLE FOOD CO INC - Form 10-K

- 3.1(y) Articles of Incorporation of Lindero Property, Inc., dated as of October 10, 1991
  - 3.1(z) Articles of Incorporation of Oceanview Produce Company, dated as of June 15, 1989. Certificate of Amendment of Articles of Incorporation of Oceanview Produce Company, dated as of August 7, 1989
  - 3.1(aa) Articles of Incorporation of Prairie Vista, Inc., dated as of November 23, 1953
-

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
3.1(ab)	Articles of Incorporation of Kingsize Packing Co., dated as of February 5, 1990. Certificate of Amendment of Articles of Incorporation of Kingsize Packing Co., dated as of March 30, 1990, changed the company's name to Royal Packing Co.
3.1(ac)	Articles of Incorporation of Trojan Transport Co., dated as of August 31, 1955. Certificate of Amendment of Articles of Incorporation of Trojan Transport Co., dated as of July 31, 1956, changed the company's name to Trojan Transportation and Warehouse Co. Certificate of Amendment of Articles of Incorporation of Trojan Transportation Co., dated as of January 24, 1961, changed the company's name to Veltman Terminal Co.
3.1(ad)	Certificate of Incorporation of Bananera Antillana (Columbia), Inc., dated as of November 16, 1977
3.1(ae)	Certificate of Incorporation of Clovis Citrus Association, dated as of January 24, 1990. Certificate of Amendment of Certificate of Incorporation of Clovis Citrus Association, dated as of January 24, 1990
3.1(af)	Certificate of Incorporation of Tenneco Sudan, Inc., dated as of June 8, 1977. Certificate of Amendment of Certificate of Incorporation of Tenneco Sudan, Inc., dated as of December 10, 1986, changed the company's name to Tenneco Realty Development Holding Corporation. Certificate of Amendment of Certificate of Incorporation of Tenneco Realty Development Holding Corporation, dated as of April 21, 1988, changed the company's name to Oceanic California Realty Development Holding Corporation. Certificate of Amendment of Certificate of Incorporation of Oceanic California Realty Development Holding Corporation, dated as of November 16, 1990, changed the company's name to Castle & Cooke Bakersfield Holdings, Inc. Certificate of Amendment of Certificate of Incorporation of Castle & Cooke Bakersfield Holdings, Inc., dated as of March 18, 1996, changed the company's name to Delphinium Corporation
3.1(ag)	Certificate of Incorporation of Standard Banana Company, dated as of March 21, 1955. Certificate of Amendment of Certificate of Incorporation of Standard Banana Company, dated as of January 8, 1971, changed the company's name to Standard Fruit Sales Company. Certificate of Amendment of Certificate of Incorporation of Standard Fruit Sales Company, dated as of June 6, 1973, changed the company's name to Castle & Cooke Food Sales Company. Certificate of Amendment of Certificate of Incorporation of Castle & Cooke Food Sales Company, dated as of September 25, 1984, changed the company's name to Dole Europe Company. Certificate of Change of Location of Registered Office and of Registered Agent, dated as of April 18, 1988
3.1(ah)	Certificate of Incorporation of Castle Aviation, Inc., dated as of June 25, 1987. Certificate of Amendment of Certificate of Incorporation of Castle Aviation, Inc., dated as of April 10, 1992, changed the company's name to Dole Foods Flight Operations, Inc.
3.1(aj)	Certificate of Incorporation of Wenatchee-Beebe Orchard Company, dated as of November 7, 1927. Certificate of Ownership and Merger in Wenatchee-Beebe Orchard Company, dated as of June 23, 1943. Certificate of Amendment of Certificate of Incorporation of Wenatchee-Beebe Orchard Company, dated as of April 20, 1983, changed the company's name to Beebe Orchard Company. Certificate of Merger of Wells and Wade Fruit Company and Beebe Orchard Company, dated as of March 23, 2001, changed the company's name to Dole Northwest, Inc.
3.1(ak)	Certificate of Incorporation of Dole Sunburst Express, Inc. Certificate of Amendment of Certificate of Incorporation of Dole Sunburst Express, Inc., dated as of July 21, 1996, changed the company's name to Dole Sunfresh Express, Inc.
3.1(al)	Certificate of Incorporation of Standard Fruit and Steamship Company, dated as of January 2, 1968
3.1(am)	Certificate of Incorporation of Standard Fruit Company, dated as of March 14, 1955. Certificate of Change of Location of Registered Office and of Registered Agent, dated as of April 18, 1988
3.1(an)	

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Certificate of Incorporation of Produce America, Inc., dated as of June 24, 1982. Certificate of Amendment of Certificate of Incorporation Before Payment of Capital of Produce America, Inc., dated as of October 29, 1982, changed the company's name to CCFV, Inc. Certificate of Amendment of Certificate of Incorporation of CCFV, Inc., dated as of September 29, 1983, changed the company's name to Sun Country Produce, Inc.

- 3.1(ao) Certificate of Incorporation of West Foods, Inc., dated as of March 9, 1973
  - 3.1(ap) Certificate of Incorporation of Cool Advantage, Inc., dated as of December 14, 1998
-

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
3.1(aq)	Articles of Incorporation of Cool Care Consulting, Inc., dated as of September 16, 1986. Articles of Amendment of Cool Care Consulting, Inc., dated as of April 4, 1996, changed the company's name to Cool Care, Inc.
3.1(as)	Articles of Incorporation of Saw Grass Transport, Inc., dated as of June 24, 1999
3.1(at)	Articles of Incorporation of Castle & Cooke Development Corporation, dated as of June 8, 1992. Articles of Amendment to Change Corporate Name, dated as of March 1, 1993, changed the company's name to Castle & Cooke Communities, Inc. Articles of Amendment to Change Corporate Name, dated as of March 18, 1996, changed the company's name to Blue Anthurium, Inc.
3.1(au)	Articles of Incorporation of Dole Acquisition Corporation, dated as of October 13, 1994. Articles of Amendment to Change Corporate Name, dated as of January 10, 1995, changed the company's name to Castle & Cooke Homes, Inc. Articles of Amendment to Change Corporate Name, dated as of March 18, 1996, changed the company's name to Cerulean, Inc.
3.1(av)	Articles of Incorporation of Castle & Cooke Land Company, Inc., dated as of March 8, 1990. Articles of Amendment to Change Corporate Name, dated as of May 7, 1997, changed the company's name to Dole Diversified, Inc.
3.1(aw)	Articles of Association of Kohala Sugar Company, dated as of February 3, 1863. Articles of Amendment to Change Corporate Name, dated as of May 1, 1989, changed the company's name to Dole Land Company, Inc.
3.1(ax)	Articles of Incorporation of Dole Packaged Foods Corporation, dated as of April 4, 1990
3.1(ay)	Articles of Association of Oceanic Properties, Inc., dated as of May 19, 1961. Articles of Amendment to Change Corporate Name, dated as of October 23, 1990, changed the company's name to Castle & Cooke Properties, Inc. Articles of Amendment, dated as of November 26, 1990. Articles of Amendment to Change Corporate Name, dated as of December 4, 1995, changed the company's name to La Petite d Agen, Inc.
3.1(az)	Articles of Incorporation of Lanai Holdings, Inc., dated as of May 4, 1990. Articles of Amendment, dated as of November 26, 1990. Articles of Amendment to Change Corporate Name, dated as of January 22, 1996, changed the company's name to Malaga Company, Inc.
3.1(ba)	Articles of Incorporation of M K Development, Inc., dated as of February 26, 1988. Articles of Amendment, dated as of November 26, 1990
3.1(bb)	Articles of Incorporation of Mililani Town, Inc., dated as of December 29, 1966. Articles of Amendment, dated as of November 26, 1990. Articles of Amendment to Change Corporate Name, December 24, 1990, changed the company's name to Castle & Cooke Residential, Inc. Articles of Amendment to Change Corporate Name, dated as of October 21, 1993, changed the company's name to Castle & Cooke Homes Hawaii, Inc. Articles of Amendment to Change Corporate Name, dated as of December 4, 1995, changed the company's name to Muscat, Inc.
3.1(bc)	Articles of Incorporation of Oahu Transport Company, Limited, dated as of April 15, 1947. Articles of Amendment, dated as of July 24, 1987. Articles of Amendment, dated as of May 1997
3.1(bd)	Articles of Incorporation of Wahiawa Water Company, Inc., dated as of June 24, 1975
3.1(be)	Articles of Incorporation of Waialua Sugar Company, Inc., dated as of January 12, 1968. Certificate of Amendment, dated as of January 24, 1986
3.1(bf)	Certificate of Incorporation of Lanai Company, Inc., dated as of June 15, 1970. Articles of Amendment, dated as of November 26, 1990. Articles of Amendment to Change Corporate Name, dated as of December 4, 1995, changed the company's name to Zante Currant, Inc.
3.1(bg)	Articles of Incorporation of Diversified Imports Co., dated as of December 1, 1987
3.1(bh)	Articles of Incorporation of Dole Assets, Inc., dated as of September 9, 1997

Edgar Filing: DOLE FOOD CO INC - Form 10-K

- 3.1(bi) Articles of Incorporation of Dole Fresh Fruit Company, dated as of September 12, 1985
  - 3.1(bj) Articles of Incorporation of Castle & Cooke Fresh Fruit, Inc., dated as of October 27, 1983. Certificate of Amendment of Articles of Incorporation of Castle & Cooke Fresh Fruit Company, dated as of May 9, 1997, changed the company's name to Dole Holdings Inc.
  - 3.1(bk) Articles of Incorporation of Dole Logistics Services, Inc., dated as of February 4, 1993
-



**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
3.1(bl)	Articles of Incorporation of Dole Ocean Cargo Express, Inc., dated as of July 8, 1999
3.1(bm)	Articles of Incorporation of Dole Ocean Liner Express, Inc., dated as of June 3, 1993
3.1(bn)	Articles of Incorporation of Renaissance Capital Corporation, dated as of July 28, 1995
3.1(bo)	Certificate of Incorporation of Sun Giant, Inc., dated as of December 8, 1987
3.1(bp)	Certificate of Incorporation of Miradero Fishing Company, Inc., dated as of August 9, 1971
3.1(bq)	Articles of Incorporation of DNW Services Company, dated as of June 4, 1998
3.1(br)	Articles of Incorporation of Pacific Coast Truck Company, dated as of June 27, 1995
3.1(bs)	Articles of Incorporation of Pan-Alaska Fisheries, Inc., dated as of July 28, 1959. Articles of Amendment to Articles of Incorporation of Pan-Alaska Fisheries, Inc., dated as of May 26, 1972. Articles of Amendment to Articles of Incorporation of Pan-Alaska Fisheries, Inc., dated as of August 30, 1973. Amendment to Articles of Incorporation, dated as of June 25, 1976
3.1(bt)	Articles of Organization-Conversion of Dole Packaged Foods, LLC, dated as of December 30, 2005 (incorporated by reference to Exhibit 3.1(bt) to Dole's Annual Report on Form 10-K for the year ended December 30, 2006)
3.2(a)	Amended and Restated Bylaws of Dole Food Company, Inc. (incorporated by reference to Exhibit 3.2 to Dole's Current Report on Form 8-K filed with the Commission on October 29, 2009)
3.2(b)	Form of By-Laws of the Additional Registrants
3.2(c)	Limited Liability Agreement of Dole Packaged Foods, LLC, dated as of December 30, 2005 (incorporated by reference to Exhibit 3.2(c) to Dole's Annual Report on Form 10-K for the year ended December 30, 2006)
4.1	Indenture, dated as of July 15, 1993, between Dole and Chase Manhattan Bank and Trust Company (formerly Chemical Trust Company of California) (incorporated by reference to Exhibit 4.1 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
4.2	Form of First Supplemental Indenture, dated as of April 30, 2002, between Dole and J.P. Morgan Trust Company, National Association, to the Indenture dated as of July 15, 1993, pursuant to which \$400 million of Dole's senior notes due 2009 were issued (incorporated by reference to Exhibit 4.2 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
4.3	Officers' Certificate, dated August 3, 1993, pursuant to which \$175 million of Dole's debentures due 2013 were issued (incorporated by reference to Exhibit 4.3 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
4.4	Second Supplemental Indenture, dated as of March 28, 2003, between Dole and Wells Fargo Bank, National Association (successor trustee to J.P. Morgan Trust Company), to the Indenture dated as of July 15, 1993 (incorporated by reference to Exhibit 4.4 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
4.5	Agreement of Removal, Appointment and Acceptance, dated as of March 28, 2003, by and among Dole, J.P. Morgan Trust Company, National Association, successor in interest to Chemical Trust Company of California, as Prior Trustee, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.5 to Dole's Registration Statement on Form S-4, filed with the Commission on June 25, 2004 (File No. 333-106493))
4.6	Third Supplemental Indenture, dated as of June 25, 2003, by and among Dole, Miradero Fishing Company, Inc., the guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.6 to Dole's Registration Statement on Form S-4, filed with the Commission on June 25, 2004 (File No. 333-106493))

- 4.7 First Supplemental Indenture, dated as of June 25, 2003, by and among Dole, Miradero Fishing Company, Inc., the guarantors signatory thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.8 to Dole's Registration Statement on Form S-4, filed with the Commission on June 25, 2004 (File No. 333-106493))
-

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
4.8	Form of Dole Food Company, Inc. Master Retirement Savings Trust Agreement, dated as of February 1, 1999, between Dole and The Northern Trust Company (incorporated by reference to Exhibit 4.13 to Amendment No. 1 to Dole's Registration Statement on Form S-1 filed with the Commission on September 18, 2009 (File No. 333-161345))
4.9	Indenture, dated as of March 18, 2009, among Dole Food Company, Inc., the guarantors signatory thereto and U.S. Bank National Association, as trustee, pursuant to which \$349,903,000 of Dole's 13.875% senior secured notes due 2014 were issued (incorporated by reference to Exhibit 4.15 to Dole's Current Report on Form 8-K filed with the Commission on March 24, 2009)
4.10	Form of Global Note for Dole's 13.875% senior secured notes due 2014 (included as Exhibit A to Exhibit Number 4.9 hereto)
4.11	Form of Guarantee for Dole's 13.875% senior secured notes due 2014 (included as Exhibit D to Exhibit 4.9 hereto)
4.12	Registration Rights Agreement, dated as of March 18, 2009, among Dole Food Company, Inc. and the guarantors named therein, as issuers, and Deutsche Bank Securities, Inc., Banc of America Securities LLC, Scotia Capital (USA) Inc., Rabo Securities USA, Inc. and Goldman, Sachs & Co., as initial purchasers (incorporated by reference to Exhibit 4.17 to Dole's Current Report on Form 8-K filed with the Commission on March 24, 2009)
4.13	Form of Stock Certificate (incorporated by reference to Exhibit 4.18 to Amendment No. 6 to Dole's Registration Statement on Form S-1 filed with the Commission on October 22, 2009 (File No. 333-161345))
4.14	Indenture, dated as of September 25, 2009, among Dole Food Company, Inc., the guarantors signatory thereto and Deutsche Bank Trust Company Americas, as trustee, pursuant to which \$315,000,000 of Dole's 8% senior secured notes due 2016 were issued (incorporated by reference to Exhibit 99.1 to Dole's Current Report on Form 8-K filed with the Commission on September 30, 2009)
4.15	Form of Global Note for Dole's 8% senior secured notes due 2016 (included as Exhibit A to Exhibit 14.14 hereto)
4.16	Form of Guarantee for Dole's 8% senior secured notes due 2016 (included as Exhibit D to Exhibit 14.14 hereto)
4.17	Registration Rights Agreement, dated as of September 25, 2009, among Dole Food Company, Inc. and the guarantors named therein, as issuers, and Deutsche Bank Securities, Inc., Banc of Americas Securities LLC, Wells Fargo Securities, LLC, Scotia Capital (USA) Inc. and Goldman, Sachs & Co., as initial purchasers (incorporated by reference to Exhibit 99.3 to Dole's Current Report on Form 8-K filed with the Commission on September 30, 2009)
10.1	Credit Agreement, dated as of March 28, 2003, amended and restated as of April 18, 2005, further amended and restated as of April 12, 2006, as amended March 18, 2009, as further amended on October 26, 2009 and as further amended on March 2, 2010, among Dole Food Company, Inc., a Delaware corporation, Solvest, Ltd., a company organized under the laws of Bermuda, the Lenders from time to time party thereto, Deutsche Bank AG New York Branch, as Deposit Bank, Deutsche Bank AG New York Branch, as Administrative Agent, Banc of America Securities LLC, as Syndication Agent, The Bank of Nova Scotia and Rabobank International, as Co-Documentation Agents, and Deutsche Bank Securities Inc., as Lead Arranger and Sole Book Runner (incorporated by reference to Exhibit 10.1 to Dole's Current Report on Form 8-K filed with the Commission on March 3, 2010)
10.2	Credit Agreement, dated as of April 12, 2006, as amended on March 18, 2009, as further amended on October 26, 2009 and as further amended on March 2, 2010, among Dole Food Company, Inc., a Delaware corporation, the Lenders party thereto from time to time, Deutsche Bank AG New York

Edgar Filing: DOLE FOOD CO INC - Form 10-K

Branch, as Administrative Agent, Wells Fargo Capital Finance, LLC and Bank of America, N.A., as Co-Syndication Agents, The Bank of Nova Scotia, COBANK ACB and U.S. Bank National Association, as C-Documentation Agents, Deutsche Bank Securities Inc., Wells Fargo Capital Finance, LLC and Banc of America Securities LLC, as Joint Lead Arrangers and Joint Book Running Managers (incorporated by reference to Exhibit 10.2 to Dole's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, File No. 1-4455)

10.3\*# Supplementary Executive Retirement Plan, Fifth Restatement, effective February 24, 2011

10.4\*# Excess Savings Plan, Restated, effective February 24, 2011

---

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
10.5*#	Supplementary Executive Retirement Plan Rabbi Trust Agreement, dated January 27, 2003, by and between Dole Food Company, Inc. and Mellon Bank, N.A.
10.6*#	Excess Savings Plan Rabbi Trust Agreement, dated December 4, 2002, by and between Dole Food Company, Inc. and Mellon Bank, N.A.
10.7*#	Amendment 2009-1, effective October 8, 2009, to Dole Food Company, Inc. Supplementary Executive Retirement Plan Rabbi Trust Agreement
10.8*#	Amendment 2009-1, effective October 8, 2009, to Dole Food Company, Inc. Excess Savings Plan Rabbi Trust Agreement
10.9*#	Amendment 2011-1, effective February 24, 2011, to Dole Food Company, Inc. Supplementary Executive Retirement Plan Rabbi Trust Agreement
10.10*#	Amendment 2011-1, effective February 24, 2011, to Dole Food Company, Inc. Excess Savings Plan Rabbi Trust Agreement
10.11	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.12 to Amendment No. 4 to Dole's Registration Statement on Form S-1 filed with the Commission on October 14, 2009 (File No. 333-161345))
10.12#	Form of Restricted Stock Agreement for Non-Employee Directors under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to Dole's Current Report on Form 8-K, filed with the Commission on February 25, 2011)
10.13*#	Dole's Non-Employee Directors Deferred Cash Compensation Plan, as amended and restated, effective February 24, 2011
10.14#	Severance Pay Plan for Employees of Dole Food Company, Inc. and Participating Divisions and Subsidiaries, dated December 30, 2008 (incorporated by reference to Exhibit 10.9 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
10.15#	Amendment to Severance Pay Plan for Employees of Dole Food Company, Inc. and Participating Divisions and Subsidiaries, dated December 30, 2008 (incorporated by reference to Exhibit 10.10 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
10.16#	Form of Change of Control Agreement with Messrs. C. Michael Carter and Joseph S. Tesoriero (incorporated by reference to Exhibit 10.11 to Dole's Registration Statement on Form S-1 filed with the Commission on August 14, 2009 (File No. 333-161345))
10.17#	Form of Change of Control Agreement with Messrs. David H. Murdock and David A. DeLorenzo (incorporated by reference to Exhibit 10.16 to Dole's Annual Report on Form 10-K for the fiscal year ended January 2, 2010)
10.18*#	Form of Tier I Change of Control Agreement to be used for new agreements entered into after February 24, 2011
10.19*#	Form of Tier II Change of Control Agreement to be used for new agreements entered into after February 24, 2011
10.20#	Form of Amendment No. 1 to Form of Change of Control Agreement filed as Exhibit 10.15 (incorporated by reference to Exhibit 10.3 to Dole's Current Report on Form 8-K filed with the Commission on January 11, 2010)
10.21*#	Form of Amendment No. 2 to Form of Change of Control Agreements filed as Exhibits 10.16 and 10.17
10.22*#	Form of Amendment No. 3 to Form of Change of Control Agreements filed as Exhibits 10.16 and 10.17
10.23	Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.13 to Amendment No. 2 to Dole's Registration Statement on Form S-1 filed with the Commission on September 24, 2009 (File No. 333-161345))

Edgar Filing: DOLE FOOD CO INC - Form 10-K

10.24*#	Dole Food Company, Inc. 2009 Stock Incentive Plan, as amended
10.25#	Form of Incentive Stock Option Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.15 to Dole's Quarterly Report on Form 10-Q for the quarterly period ended October 10, 2009)

---

**Table of Contents**

<b>Exhibit Number</b>	<b>Title</b>
10.26#	2009 Form of Non-Qualified Stock Option Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to Amendment No. 6 to Dole's Registration Statement on Form S-1 filed with the Commission on October 22, 2009 (File No. 333-161345))
10.27#	2009 Form of Restricted Stock Unit Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.17 to Dole's Quarterly Report on Form 10-Q for the quarterly period ended October 10, 2009)
10.28#	2009 Form of Restricted Stock Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.22 to Amendment No. 6 to Dole's Registration Statement on Form S-1 filed with the Commission on October 22, 2009 (File No. 333-161345))
10.29#	Alternative Form of Restricted Stock Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.21 to Dole's Annual Report on Form 10-K for the fiscal year ended January 2, 2010)
10.30#	Dole's 2010 Management One-Year Incentive Plan (incorporated by reference to Exhibit 10.3 to Dole's Current Report on Form 8-K filed with the Commission on March 3, 2010)
10.31#	2010 Form of Non-Qualified Stock Option Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Dole's Current Report on Form 8-K filed with the Commission on December 3, 2010)
10.32#	2010 Form of Restricted Stock Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dole's Current Report on Form 8-K filed with the Commission on December 3, 2010)
10.33*#	2010 Form of Restricted Stock Unit Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan
10.34#	Dole Food Company, Inc. 2011 Self-Funded Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Dole's Current Report on Form 8-K, filed with the Commission on February 25, 2011)
10.35#	Form of Performance Shares Agreement under the Dole Food Company, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dole's Current Report on Form 8-K, filed with the Commission on February 25, 2011)
10.36#	Dole Food Company, Inc. Sustained Profit Growth Plan, effective January 1, 2008 (incorporated by reference to Exhibit 10.21 to Amendment No. 4 to Dole's Registration Statement on Form S-1 filed with the Commission on October 9, 2009 (File No. 333-161345))
12*	Ratio of Earnings to Fixed Charges
21*	Subsidiaries of Dole Food Company, Inc.
23*	Consent of Deloitte & Touche LLP
31.1*	Certification by the President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2*	Certification by the Executive Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32.1**	Certification by the President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act
32.2**	Certification by the Executive Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act

Incorporated by reference to the correspondingly numbered exhibits to Dole's Registration Statement on Form S-4, filed with the Commission on June 25, 2004 (File No. 333-106493).

- \* Filed herewith.
- \*\* Furnished herewith.
- # Management compensatory plan or arrangement.