

DOLE FOOD CO INC  
Form 10-K  
March 15, 2012  
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 December 31, 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.)*

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

**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>Title of Each Class</b>	<b>Name of Each Exchange on Which Registered</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 \$463,102,677.

The number of shares of Common Stock outstanding as of February 29, 2012 was 88,952,386.

**DOCUMENTS INCORPORATED BY REFERENCE**

**None**



**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**FORM 10-K**

**Fiscal Year Ended December 31, 2011**

**TABLE OF CONTENTS**

**Item Number**

**In Form 10-K**

**Page**

**PART I**

1.	<u>Business</u>	1
1A.	<u>Risk Factors</u>	12
1B.	<u>Unresolved Staff Comments</u>	22
2.	<u>Properties</u>	22
3.	<u>Legal Proceedings</u>	24
4.	<u>Mine Safety Disclosures</u>	27

**PART II**

5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	27
6.	<u>Selected Financial Data</u>	29
7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	30
7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	49
8.	<u>Financial Statements and Supplementary Data</u>	52
9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	127
9A.	<u>Controls and Procedures</u>	127
9B.	<u>Other Information</u>	127

**PART III**

10.	<u>Directors, Executive Officers and Corporate Governance</u>	128
11.	<u>Executive Compensation</u>	128
12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	128
13.	<u>Certain Relationships and Related Transactions, Director Independence</u>	128
14.	<u>Principal Accountant Fees and Services</u>	128

**PART IV**

15.	<u>Exhibits and Financial Statement Schedules</u>	129
	<u>Signatures</u>	139

**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 December 31, 2011, we had approximately 34,500 full-time permanent employees and 36,600 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 December 31, 2011, Dole generated revenues of \$7.2 billion and operating income of \$229.6 million. At December 31, 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.

---

## **Table of Contents**

### **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<sup>®</sup>, 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 25,000 acres of farmland in Oahu, Hawaii and approximately 2,600 acres of peach orchards in California. We have the largest dedicated refrigerated containerized fleet in the world, which, at year end, included 14,500 refrigerated containers, and 17 ships, 11 owned, 2 operated under long-term capital leases and 4 chartered. The chartered vessels have been subleased for fiscal 2012. We own and operate over 60 ripening and distribution centers in Europe and Asia. We own and operate over 1.8 million square feet of state-of-the-art vegetable processing facilities. Additionally, our packaged food business processes its product lines in over 2.3 million square feet of owned manufacturing facilities.

*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 on 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.

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

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

## **Table of Contents**

### **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, in new markets, 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 58% 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.

*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. 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. 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.

*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;

Selling non-core assets; and



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

Improving our balance sheet, thereby reducing interest expense.

### **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

---

**Table of Contents**

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 and Europe. 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 70% of 2011 consolidated revenues.

***Bananas***

We are one of the world's largest producers of bananas, growing and selling approximately 154 million boxes of bananas in 2011. 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 31% market share) and the number 2 provider in Europe (an approximate 7% 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 66,900 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 41% of our fresh fruit business segment revenues in 2011.

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.

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., Fresh Del Monte Produce Inc. and Fyffes plc.

***European Ripening and Distribution***

Dole performs four activities in Europe. Our European ripening and distribution business distributes DOLE and non-DOLE branded fresh produce in Europe. This business operates seven ripening and distribution centers in five countries. As well, we provide distribution services dedicated to certain retail chains from five distribution centers in Sweden, Germany and Austria. We produce value-added pre-cut lettuce in two facilities in Sweden and Finland. We also source and export DOLE and non-DOLE branded deciduous and citrus fruit from South Africa serving a worldwide customer structure.

We have a 40% interest in a French company, Compagnie Financière de Participations (CF), the leading African provider of bananas and pineapples out of plantations in Cameroon, Ghana and the Ivory Coast. During the fourth quarter of 2008, CF acquired our JP Fresh and Dole France subsidiaries which operate banana ripening and distribution facilities in the United Kingdom and France, respectively. In the fourth quarter of 2011, CF acquired Dole's Spanish subsidiary, also a banana ripening and distribution company.

## **Table of Contents**

In 2011, the European ripening and distribution business accounted for approximately 37% 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 30 million boxes in 2011. We source our pineapples primarily from Dole-operated farms and independent growers in Hawaii, Latin America, 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 2011.

### ***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 15,300 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 6% of our fresh fruit business segment's revenues in 2011.

### ***Fresh Vegetables***

Our fresh vegetables business segment produces and markets fresh-packed and value-added vegetables as well as fresh berries. We source fresh vegetables and berries from Dole-owned, leased and contracted farms. 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. 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. The fresh vegetables business segment accounted for approximately 14% of 2011 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. 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 and, to a lesser extent, in Western Europe and Asia. Based on our estimates, we are the largest supplier of iceberg lettuce and celery, and the third largest producer of cauliflower in the U.S. Our primary competitors in this category include: Tanimura & Antle, Duda Farm Fresh Foods, Ocean Mist Farms, and the Nunes Company, Inc. Fresh-packed vegetables revenues accounted for 24% of our fresh vegetables business segment's revenues.

### ***Fresh Berries***

During the fourth quarter of 2011, we strengthened our presence in fresh berries with the acquisition of SunnyRidge Farms ( SunnyRidge ), one of the top blueberry companies in the United States. SunnyRidge is a grower and distributor of fresh berries to the wholesale and food service markets in North America. In addition to its own berry farms, SunnyRidge packages and distributes blueberries, blackberries, raspberries and strawberries for various independent growers located in North America and Latin America.

---

## **Table of Contents**

Our berry products include strawberries, blueberries, blackberries and raspberries that are sourced throughout North and Latin America which allows us to take advantage of the various growing seasons to maximize freshness and availability. Berries are grown and harvested from company-owned farms and through our independent grower network. We sell our berries primarily in North America and, to a lesser extent, in Western Europe and Asia. Based on our estimates, we are the second largest supplier of strawberries and blueberries in the U. S. Our primary competitors in this category include Driscoll Strawberry Associates, Inc., Naturipe Farms LLC, and Well-Pict Berries, Inc. Revenues from fresh berries accounted for 18% of our fresh vegetables business segment's revenues.

### ***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, as reported by IRI, was approximately 32% for the 2011 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. In 2011, value-added products accounted for 58% of the revenues for this segment.

### **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 twelve items in the 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 2011 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 single-serve shelf stable packaged fruit category has grown to exceed the applesauce and shelf-stable prepared gelatin categories combined. Our FRUIT BOWLS products, introduced in 1998, have achieved significant market share, as evidenced by our 49% dollar market share in the United States during 2011, 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 replace 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 7.1% over the past six 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.

During 2011, we introduced two new concepts in the frozen fruit category to take advantage of the consumer's desire for healthier, portion controlled, products that contain no additives or preservatives. Our first new item, Fruit Smoothie SHAKERS®, is a single serve container of frozen fruit and yogurt which, when mixed with juice and shaken, creates a great tasting and nutritious fruit smoothie. The product line comes in three popular flavors and offers a perfect snack or meal replacement without having to use a blender.

## **Table of Contents**

The other new concept is a three ounce, frozen fruit single serve cup that features our new Nature Lock technology, which guarantees fresh fruit flavor and texture. Our strawberry, blueberry and pineapple varieties, available in two-packs, offer consumers another unique, convenient, and good for you snack or topping that is equivalent to one full serving of fruit.

During the first quarter of 2012, we acquired Mrs. May's Naturals Inc., a company committed to providing consumers with wholesome snacks for a healthier lifestyle. A family-run business founded in 2002, Mrs. May's Naturals was created to bring consumers natural, wholesome snack alternatives to junk food. With product offerings like fruit and nut based clusters, bars and freeze-dried fruit, Mrs. May's Naturals provides a platform for growth of all-natural offerings in the health and nutrition food category. Mrs. May's products will continue to be packaged under the Mrs. May's label.

Our packaged foods segment accounted for approximately 17% of 2011 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 flowers business. During the second quarter of 2011, Dole sold a warehouse located in Miami, Florida to the buyer of the flowers business. In addition, Dole sold a farm in Colombia.

## **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 17 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 2011 accounted for approximately 34% of total revenues. No individual customer accounted for greater than 10% of Dole's revenues during 2011. 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.

## **Table of Contents**

### **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 December 31, 2011, we had approximately 34,500 full-time permanent employees and 36,600 full-time seasonal or temporary employees, worldwide. Approximately 36% 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 during 2012, 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.

### **Trademark Licenses**

In connection with the sale of the majority of our juice business to Tropicana Products, Inc. in May 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

## **Table of Contents**

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.

### **Corporate Responsibility and Sustainability**

Dole embraces Corporate Responsibility & Sustainability (CR&S) as one of the values that drive all our operations and activities worldwide. Our CR&S strategy is based on a holistic approach, assessing the social, environmental and economic dimensions related directly or indirectly to our operations and activities.

From a social perspective, Dole promotes and maintains a continuous dialog and collaboration with its different stakeholders, including employees, workers' representatives, suppliers, clients, communities, governmental and non-governmental organizations and other civil society organizations. Directly, or through the support of local foundations, we implement programs aimed at providing medical services, promoting education, empowering communities and women in particular, protecting workers' health and safety, freedom of association, and other labor rights.

The environmental dimension includes Dole's unwavering commitment to improving our Good Agricultural Practices aimed at reducing the use of agrochemicals. In addition, as per our environmental policy, Dole will not use any product banned for reasons of unacceptable health or environmental risk by the United States Environmental Protection Agency or by the European Union. Other specific areas of focus include precision agriculture, organic farming, the conservation of natural resources by implementing waste and water recycling programs as well as precise irrigation systems, avoiding soil erosion and protecting biodiversity. Dole has a sound commitment to reduce its Environmental Footprint and understands the importance of identifying, monitoring and, when feasible, measuring its components to determine the baseline and establish reduction goals.

From an economic viewpoint, our CR&S strategy allows us to:

Avoid higher costs, particularly those related to the use of inputs produced with fossil fuel derivatives;

Anticipate new and upcoming legal and/or market-driven requirements;

Anticipate the operational risk linked to changes in climatic conditions and to increased water scarcity as well as soil depletion; and

Reduce the exposure to social risk through the implementation of socially and environmentally friendly practices.

## **Table of Contents**

Our current CR&S strategy is constantly adapted to better reflect the challenges of the food industry. Today, the existing challenges have led us to identify our four main pillars of CR&S which are:

Carbon Footprint and Energy Use;

Water Management;

Soil Conservation; and

Packaging and Waste Management.

Addressing these pillars has a direct impact on all three dimensions: social, environmental and economic. All the practices and projects encompassed under our strategy are translated into safer and better working conditions, more environmentally friendly practices and a reduced financial risk, as a guarantee to our shareholders and stakeholders that Dole is addressing the challenges of our operations and industry in a pro-active and responsible manner.

### **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 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.



---

## **Table of Contents**

### **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. After having provisionally applied since December 15, 2009, the terms of the settlement were approved by the European Council in a Council Decision dated March 7, 2011 and have now entered into force.

During fiscal 2010, Dole recorded tariff refunds of \$8 million for the period from December 15, 2009 through June 8, 2010, of which substantially all have been collected. The lower tariff rates benefitted fiscal 2010 EBIT by an additional amount of approximately \$7 million and fiscal 2011 EBIT by approximately \$2 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 translated into all EU languages and are subject to approval by all EU Member States and the European Parliament before they can 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 when the necessary approvals will be obtained and when, or if, these FTAs will come into force.

## **Table of Contents**

### **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.

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.

## **Table of Contents**

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 supply often causes severe price competition in our businesses. 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 2011 operating income by approximately \$42 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 18 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.

**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;

---

**Table of Contents**

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 18 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 results of operations or financial condition. We cannot predict the timing or outcome of our appeal of the EC s Decision. See Note 18 to our Consolidated Financial Statements.

**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



## **Table of Contents**

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 ongoing sovereign debt issue in the European Union, and related European restructuring efforts, may result in a decrease in the value of European currencies, including the euro and Swedish krona, against the U.S. dollar, which in turn could adversely impact our sales and working capital denominated in such currencies. In addition, instability in global credit markets, and/or further economic deterioration in Europe could adversely impact demand for our products and product pricing.

### **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 that 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 in which 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 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.

## **Table of Contents**

### **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 December 31, 2011, approximately 36% 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.

### **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 December 31, 2011, we had approximately \$1.5 billion in senior secured indebtedness, \$155 million in senior unsecured indebtedness, approximately \$57 million in capital leases and approximately \$35 million in unsecured notes payable and other indebtedness.



**Table of Contents**

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 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

---

**Table of Contents**

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.

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

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

## **Table of Contents**

**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 December 31, 2011, approximately \$1.0 billion, or 60%, 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 December 31, 2011, would result in higher interest expense of approximately \$7 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 58.1%, 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;

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

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;

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.

## **Table of Contents**

### **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.

### **Risks Relating to Our Information Systems**

Our electronic information and our information system assets may be made unavailable, leaked, or altered due to a computer security incident, which could adversely affect the results of our operations, and we cannot predict the extent or duration of these incidents.

Although our computer systems are distributed in many geographic areas, they are connected together in a private network. A widespread computer security incident such as virus infection may significantly disrupt our operations and business processes. In such case, we may have to operate manually which may result in significant delay in the delivery of our products to our customers or damage to the fresh fruit and vegetable products. Our customers could refuse to continue to do business with us and prematurely terminate or reduce existing contracts resulting in a significant reduction of our operating revenue.

We have intellectual property, trade secrets and confidential business information that are stored in electronic formats that could be leaked to competitors or the public due to a computer security incidents which may result in loss of competitive position and market share.

We also have personal confidential information stored in Company controlled systems. This information, if stolen or leaked can result in significant financial and legal risk.

We may be targeted by computer hackers from the internet, from business partners' networks connected to our network, or from employees for specific purposes such as financial gain, political or ideological motives or otherwise simply to damage our reputation, which may result in significant decline in consumer preference for our products in certain geographic region or globally and could potentially reduce our market share.

Although we believe we have implemented reasonable industry best practices, processes and technologies to protect our information and information systems, recovery from the above computer incidents could be

## **Table of Contents**

expensive. Rapidly raising and maintaining higher standards of computer security practices in our business globally may require significant initial investment and higher operating costs and therefore could negatively impact our operating income.

### **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 25,000 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 December 31, 2011, approximately 2,300 acres and 14,200 acres were classified as assets held-for-sale and actively marketed land, respectively. Other Hawaii land parcels are currently under evaluation for potential sale.

We own approximately 200 acres of farmland in California, 300 acres in Florida, 200 acres in Georgia and 75 acres in North Carolina in connection with our vegetable and berry operations. Additionally, we lease approximately 11,200 acres of farmland in California, 3,000 acres in Arizona and 500 acres in Mexico. 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 December 31, 2011, approximately 400 acres were classified as assets held-for-sale. We also own and operate a plant in 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 22,100 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.



---

**Table of Contents**

We grow grapes, stone fruit, kiwi, apples 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 six refrigerated container ships, of which four are owned and two are under long-term capital leases at year end. In addition, Dole Latin America operated a fleet of 11 breakbulk refrigerated ships, of which seven are owned and four are long-term chartered. The long-term chartered vessels have been subleased for fiscal 2012. 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 14,500 refrigerated containers, 1,300 dry containers, 5,700 chassis and 4,400 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 3,600 acres of owned land, not all of which are currently under cultivation.

We produce bananas and papaya from 32,800 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 900 acres of leased land in Australia.

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

***Europe***

We lease our European headquarters in Hamburg, Germany, as well as our major regional offices in Milan, Italy, and Cape Town, South Africa. In addition, we own regional offices in Lübeck, Germany and Helsingborg, Sweden.

We operate and own one banana ripening and produce distribution center in Sweden, 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 in Italy, two in Austria and two in Germany. We have a minority interest in a French company, Compagnie Financière de Participations ( CF ), the leading African provider of bananas and pineapples from plantations in Cameroon, Ghana and the Ivory Coast. During the fourth quarter of 2011, CF acquired our Dole Spain subsidiary, which operated banana ripening and distribution facilities in Spain and Portugal. During the fourth quarter of 2008, CF acquired our JP Fresh and Dole France subsidiaries, which operate banana ripening and distribution facilities in the United Kingdom and France, respectively.

---

**Table of Contents**

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

**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 230 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 20 labor cases pending in Costa Rica under that country's national insurance program.

On October 3, 2011, Dole signed a definitive settlement agreement with the plaintiff group represented by the Provost & Umphrey Law Firm, L.L.P., which with full implementation will bring to an end all of their DBCP lawsuits and judgments. Of the 230 lawsuits pending worldwide, the settlement includes four lawsuits in the United States (a petition to the U.S. Supreme Court for a writ of certiorari was recently denied in one Provost judgment enforcement action; the plaintiffs holding the underlying judgment are included in the settlement) and 33 lawsuits in Nicaragua, which includes any and all Nicaragua judgments and plaintiff claims associated with Provost & Umphrey. The 33 Nicaragua cases represent approximately \$9 billion in claimed damages and, in seven of those cases, judgments totaling \$907.5 million. The effectiveness of the settlement is contingent upon the satisfaction of a number of conditions including various court approvals and signed releases from the plaintiff group. There is no assurance that the settlement effectiveness conditions will be satisfied. This settlement is consistent with the position Dole has taken in the past, that it is willing to seek reasonable resolution of pending DBCP litigation. The settlement, if it becomes effective, will not have a material effect on Dole's financial position, results of operations or cash flows.

Of the 193 lawsuits not included in the Provost & Umphrey settlement, 16 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

---

**Table of Contents**

representatives engaged in blatant fraud, witness tampering and active manipulation. On March 11, 2011, the Court issued a final Statement of Decision, followed on March 31, 2011 by a Judgment, that vacates the prior judgment and dismisses all plaintiffs' claims with prejudice. Plaintiffs filed a notice of appeal of that judgment on May 6, 2011, and briefing is expected to be completed in the third quarter of 2012.

The remaining lawsuits are pending in Latin America and the Philippines. Claimed damages in DBCP cases worldwide total approximately \$45 billion (\$36 billion not counting lawsuits included in the Provost & Umphrey settlement), 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, 196 cases are currently filed (of which 34 are active) in various courts throughout the country (163 cases not counting lawsuits included in the Provost & Umphrey settlement), all but three of which were brought pursuant to Law 364 (including one new case that was served on November 21, 2011), 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 (25 cases not counting lawsuits included in the Provost & Umphrey settlement): \$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; \$46.4 million (one case with 62 claimants) on August 20, 2005; \$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. Dole will appeal the \$357.7 million judgment once it has been served. The two judgments that resulted from seven of the cases filed by Provost & Umphrey, the \$809 million judgment dated December 1, 2006 (six cases consolidated with 1,248 claimants) and the \$98.5 million judgment dated August 8, 2005 (one case with 150 claimants), are included in the settlement.

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 November 10, 2009, the United States District Court for the Southern District of Florida issued final judgment in favor of Dole denying recognition and enforcement of the \$98.5 million Nicaragua judgment against Dole and another U.S. company. On March 10, 2010, Plaintiffs filed an appeal before the United States Court of Appeals for the Eleventh Circuit. On March 25, 2011, the Eleventh Circuit affirmed the district court's judgment, agreeing that the Nicaraguan judgment is not due recognition and enforcement. On April 14, 2011, Plaintiffs filed a Petition for Rehearing En Banc before the 11th Circuit, which was denied by the Court on June 28, 2011. On September 26, 2011, plaintiffs filed a petition for writ of certiorari with the U.S. Supreme Court, which was denied on January 9, 2012. This enforcement action is included in the Provost & Umphrey settlement.

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 its subsidiary, Standard Fruit de Honduras, S.A., reached an agreement with the Government of Honduras and representatives of Honduran banana workers. This agreement

## **Table of Contents**

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 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. 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. Oral argument on the appeal was held on January 25, 2012.

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 position or results of operations.

**Table of Contents**

**Former Shell Site:** Shell Oil Company and Dole were sued in several cases filed in Los Angeles Superior Court, beginning in 2009, alleging property damage and personal injury by persons claiming to be current or former residents in the area 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. On April 20, 2011, the Court dismissed the case with prejudice, including all claims against Dole. On August 11, 2011, the Court overturned its dismissal in response to plaintiffs' motion for reconsideration and permitted the filing of a now second amended complaint by plaintiffs. The defendants filed motions to dismiss plaintiffs' second amended complaint, which have been denied, except that Shell's motions were granted to dismiss certain property damage claims and certain claims based on the allegation that Shell had engaged in ultrahazardous activity. The California Regional Water Quality Control Board is supervising the cleanup on the former Shell site. On March 11, 2011, the Water Board issued a Cleanup and Abatement Order naming Shell as the Discharger and a Responsible Party, and ordering Shell to assess, monitor, and cleanup and abate the effects of contaminants discharged to soil and groundwater at the site. On April 22, 2011, the Water Board sent Dole a letter requiring Dole to supply information concerning ownership, development and activities of the former Shell site, which Dole did on September 15, 2011.

**2010 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 included \$27.3 million as gain on legal settlements during 2010.

**2010 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 was included as gain on legal settlements during 2010.

**Item 4. Mine Safety Disclosures**

None.

**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 29, 2012, there were 77 registered stockholders of Dole's common stock. 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 years 2011 and 2010.

	High	Low
<b>2011</b>		
First quarter	\$ 14.87	\$ 13.06
Second quarter	14.26	12.57
Third quarter	14.50	9.37
Fourth quarter	10.94	8.05
<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

**Table of Contents**

Additional information required by Item 5 is contained in Note 20 Shareholders' Equity, to Dole's Consolidated Financial Statements in this Form 10-K.

***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 December 31, 2011 (the end of Dole's fiscal year).

**Comparison of Cumulative Total Return**

ASSUMES \$100 INVESTED ON OCT. 23, 2009

ASSUMES DIVIDEND REINVESTED

FISCAL YEAR ENDING Dec. 31, 2011

	10/23/2009	1/02/2010	1/01/2011	12/31/2011
<b>Dole Food Company, Inc.</b>	<b>\$ 100.00</b>	<b>\$ 101.06</b>	<b>\$ 110.02</b>	<b>\$70.44</b>
<b>S&amp;P 500 Index</b>	<b>\$ 100.00</b>	<b>\$ 103.73</b>	<b>\$ 119.35</b>	<b>\$ 121.87</b>
<b>S&amp;P 500 Food Products Index</b>	<b>\$ 100.00</b>	<b>\$ 104.93</b>	<b>\$ 119.83</b>	<b>\$ 137.30</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**

	Year Ended December 31, 2011	Year Ended January 1, 2011	Year Ended January 2, 2010	Year Ended January 3, 2009	Year Ended December 29, 2007
(In millions, except per share data)					
<b>Summary of Operations</b>					
Revenues, net <sup>(1)</sup>	\$ 7,224	\$ 6,893	\$ 6,779	\$ 7,620	\$ 6,821
Operating income	230	194	352	275	149
Income (loss) from continuing operations, net of income taxes	42	(34)	85	147	(38)
Income (loss) from discontinued operations, net of income taxes		1	2	(27)	(16)
Gain on disposal of discontinued operations, net of income taxes		3	1	3	
Net income (loss)	42	(30)	88	123	(54)
Less: Net income attributable to noncontrolling interests	(4)	(4)	(4)	(2)	(3)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	38	(34)	84	121	(57)
Average common shares outstanding Basic and Diluted <sup>(3)</sup>	88	87	59	52	52
<b>Per Share Data<sup>(3)</sup></b>					
Income (loss) from continuing operations Basic	\$ 0.48	\$ (0.39)	\$ 1.45	\$ 2.84	\$ (0.75)
Income (loss) from continuing operations Diluted	\$ 0.47	\$ (0.39)	\$ 1.45	\$ 2.84	\$ (0.75)
<b>Balance Sheet and Other Information</b>					
Working capital (current assets less current liabilities)	\$ 730	\$ 695	\$ 777	\$ 531	\$ 694
Total assets	4,270	4,257	4,107	4,365	4,643
Long-term debt, net	1,641	1,564	1,553	1,799	2,316
Total debt, net	1,680	1,604	1,598	2,204	2,411
Total equity <sup>(3)</sup>	818	817	866	433	355
Cash dividends declared and paid to parent			15		
Proceeds from sales of assets and businesses, net	42	46	185(2)	226	42
Capital additions from continuing operations	77	100	51	74	104
Depreciation and amortization from continuing operations	104	114	120	138	151

Note: Discontinued operations for the periods presented relate to the reclassification of the fresh-cut flowers operations to discontinued operations during 2008.

- (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 and \$480 million during fiscal years 2008 and 2007, 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)

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

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 2007 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 December 31, 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 December 31, 2011 were as follows:

Revenues for 2011 were \$7.2 billion, an increase of 5%. Revenues grew in all three of Dole's reporting segments.

Operating income in 2011 was \$229.6 million compared to \$193.7 million in 2010, an increase of 19%. Excluding the \$32.5 million gain on legal settlements recorded during 2010, operating income increased \$68.5 million or 43%.

Fresh fruit operating income increased primarily as a result of improved banana performance worldwide. In addition, Dole's European ripening and distribution and Chilean deciduous fruit businesses generated higher earnings.

Fresh vegetables operating income increased due to improved pricing and lower marketing expenditures in our packaged salads operations, partially offset by higher harvesting and growing costs in the fresh-packaged vegetables operations.

Packaged foods operating income was lower as improved pricing was offset by higher product costs and higher selling, marketing and general and administrative expense worldwide.

Dole committed to a new restructuring plan during the third quarter of 2011 in the fresh fruit segment in Europe, Latin America and Asia. These restructuring efforts, coupled with our 2010 restructuring plan, will further reduce costs by realigning supply with demand. During fiscal 2011, Dole incurred total restructuring costs of \$30.2 million. As a result of the two plans, Dole has recorded total restructuring charges of \$51.6 million to date and expects to incur additional charges of \$3.7 million during 2012. Cost savings realized for fiscal 2011 are estimated to be \$38 million associated with the 2010 plan. During fiscal 2012, Dole expects to realize additional cost savings of \$25 million related to the 2011 restructuring plan.

During the fourth quarter of 2011, Dole completed the sale of Dole Food España, S.A.U. ( "Dole Spain" ), to a subsidiary of Compagnie Financière de Participations, a company in which Dole holds a non-controlling 40% ownership interest.

Dole completed the acquisition of SunnyRidge Farms, one of the top blueberry companies in the United States, during the fourth quarter of 2011. Total consideration was \$91.3 million, plus an earn-out payable in 2015 that will be between \$0 and \$15 million. Dole paid the consideration, less certain escrowed amounts, primarily from cash on hand, some of which was attributable to Dole's third quarter 2011 refinancing transactions.

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

During the fourth quarter of 2011, Dole entered into an agreement to sell a non-core subsidiary in Germany. The sale is expected to close during the first half of 2012 subject to the satisfaction of certain conditions. The German subsidiary generated fiscal 2011 revenues of approximately \$550 million.

**Table of Contents**

During the first quarter of 2012, Dole acquired Mrs. May's Naturals, Inc., a company committed to providing consumers with wholesome snacks for a healthier lifestyle. The acquisition provides a platform for growth of all-natural offerings in the health and nutrition food category, which is a part of our packaged foods segment.

**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:

	Year Ended December 31, 2011	Year Ended January 1, 2011 (In thousands)	Year Ended January 2, 2010
Net income (loss)	\$ 41,793	\$ (30,166)	\$ 88,033
(Income) loss from discontinued operations, net of income taxes	201	(629)	(1,639)
Gain on disposal of discontinued operations, net of income taxes	(339)	(2,957)	(1,308)
Interest expense	142,430	163,950	205,715
Income taxes	6,521	13,394	22,684
EBIT before discontinued operations	190,606	143,592	313,485
Depreciation and amortization from continuing operations	103,921	114,239	119,572
Net unrealized loss on derivative instruments	7,227	65,099	8,417
Loss on long-term Japanese yen hedges	20,501		
Foreign currency exchange (gain) loss on vessel obligations	(125)	(2,677)	6,326
Net unrealized loss on foreign denominated instruments	2,858	3,204	306
Share-based compensation	9,143	6,642	925
Refinancing charges and loss on early retirement of notes	26,212	4,650	5,601
Charges for restructuring and long-term receivables	30,210	32,748	
Debt retirement costs in connection with initial public offering			30,551
Gain on asset sales	(4,541)	(3,017)	(61,257)
Adjusted EBITDA	\$ 386,012	\$ 364,480	\$ 423,926

EBIT before discontinued operations and Adjusted EBITDA are measures commonly used by financial analysts in evaluating the performance of companies. EBIT before discontinued operations is calculated from net income by adding interest expense and income tax expense, and subtracting income from discontinued operations, net of income taxes, and gain on disposal of discontinued operations, net of income taxes. Adjusted EBITDA is calculated from EBIT before discontinued operations by: (1) adding depreciation and amortization from continuing operations; (2) adding the net unrealized loss or subtracting the net unrealized gain on foreign currency and bunker fuel hedges and the cross currency swap which do not have a more than insignificant financing element present at contract inception; (3) adding the net loss or subtracting the net gain on the long-term Japanese yen hedges; (4) adding the foreign currency loss or subtracting the foreign currency gain on the vessel obligations; (5) adding the net unrealized loss or subtracting the net unrealized gain on foreign denominated instruments; (6) adding share-based compensation expense; (7) adding refinancing charges and loss on early retirement of notes; (8) adding charges for restructuring and long-term receivables; (9) for 2009, adding the debt retirement costs in connection with the initial public offering; and (10) subtracting the gain on asset sales. Due to the fact that the long-term Japanese yen hedges had more than an insignificant financing element at inception (as discussed in Note 16 to the consolidated financial statements), the liability is treated similar to a debt instrument and the associated cash flows are classified as a financing activity. As a result, both the realized and unrealized gains and losses related to the long-term Japanese yen hedges are subtracted from or added back to EBIT before discontinued operations when calculating Adjusted EBITDA. These adjustments have been made because management excludes these amounts when evaluating the performance of Dole.

**Table of Contents**

EBIT before discontinued operations and Adjusted EBITDA are not calculated or presented in accordance with U.S. GAAP, and EBIT before discontinued operations and Adjusted EBITDA are not a substitute for net income attributable to shareholders of 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 before discontinued operations and Adjusted EBITDA as used herein are not necessarily comparable to similarly titled measures of other companies. However, Dole has included EBIT before discontinued operations and Adjusted EBITDA herein because management believes that EBIT before discontinued operations and Adjusted EBITDA are useful performance measures for Dole. In addition, EBIT before discontinued operations 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 before discontinued operations 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 before discontinued operations and Adjusted EBITDA and the related ratios presented throughout this Item 7 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 before discontinued operations and Adjusted EBITDA only supplementally.

**Results of Operations**

Selected results of operations for the years ended December 31, 2011, January 1, 2011 and January 2, 2010 were as follows:

	Year Ended December 31, 2011	Year Ended January 1, 2011 (In thousands)	Year Ended January 2, 2010
Revenues, net	\$ 7,223,836	\$ 6,892,614	\$ 6,778,521
Operating income	229,644	193,674	351,746
Other income (expense), net	(49,233)	(63,641)	(24,727)
Interest expense	(142,430)	(163,950)	(205,715)
Income taxes	(6,521)	(13,394)	(22,684)
Earnings from equity method investments	5,530	7,364	10,100
Net income (loss)	41,793	(30,166)	88,033
Less: Net income attributable to noncontrolling interests	(3,434)	(3,958)	(3,948)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	38,359	(34,124)	84,085

**Revenues**

For the year ended December 31, 2011, revenues increased 5% to \$7.2 billion from \$6.9 billion for the year ended January 1, 2011. Higher sales were reported in all three of Dole's operating segments. Fresh fruit sales increased \$231.3 million primarily due to improved local banana pricing worldwide and higher volumes of bananas sold in North America and Asia, favorable foreign currency exchange movements in Europe and Japan as well as higher sales of Chile deciduous fruit. These improvements were partially offset by lower volumes of bananas sold in Europe due to the implementation of the 2010 European restructuring plan as well as lower volumes sold in the European ripening and distribution business. Packaged foods sales increased \$75.7 million due primarily to improved pricing worldwide and higher volumes sold in Asia and the North American frozen fruit business. Fresh vegetables sales increased \$24.3 million due primarily to higher pricing of packaged salads and revenues associated with the October 2011 acquisition of SunnyRidge. Net favorable foreign currency exchange movements in Dole's selling locations resulted in higher revenues of approximately \$198 million.

---

**Table of Contents**

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 \$18 million due primarily to higher sales of packaged salads in North America. Fresh fruit sales increased slightly due to higher sales in the European ripening and distribution businesses, higher volumes of bananas and fresh vegetables sold in Asia as well as 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 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.

***Operating Income***

For the year ended December 31, 2011, operating income increased \$36 million or 19% to \$229.6 million compared with \$193.7 million for the year ended January 1, 2011. Excluding the \$32.5 million gain on the legal settlements recorded in 2010, operating income increased \$68.5 million or 43%. Fresh fruit operating results increased primarily due to higher earnings in Dole's worldwide banana operations, European ripening and distribution business and Chilean deciduous fruit business. Banana earnings benefitted from improved performance in Asia. In addition, there was better local pricing worldwide for bananas and lower shipping and distribution costs in Europe. Fresh vegetables operating results increased due primarily to higher earnings in packaged salads partially offset by lower earnings in the fresh-packed vegetables and berries operations. These improvements were partially offset by lower operating results in Dole's packaged foods segment due primarily to higher product costs worldwide and higher levels of marketing expenditures in North America associated with the 2011 product launches. New product launches included FRUIT BOWLS® in 100% juice, fruit in jars in 100% juice, fruit smoothie SHAKERS® and frozen fruit single-serve cups. If foreign currency exchange rates in Dole's significant foreign operations during the year ended December 31, 2011 had remained unchanged from those experienced during the year ended January 1, 2011, Dole estimates that its operating income would have been lower by approximately \$16 million.

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 by 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. In addition, packaged salads EBIT in 2010 benefitted from a \$5.3 million settlement with a fresh vegetables supplier. 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.

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

Other income (expense), net was expense of \$49.2 million in 2011 compared to expense of \$63.6 million in 2010. The improvement was primarily due to the decrease of net losses of \$56.9 million generated on Dole's

---

**Table of Contents**

cross currency swap, which was effectively unwound during the first quarter of 2011. These improvements were partially offset by net unrealized losses of \$20.4 million incurred in connection with unwinding the cross currency swap and entering into a series of long-term Japanese yen hedges. In addition, charges of \$13.5 million were recorded during 2011 related to premiums paid, write-off of debt issuance costs and debt discounts in connection with the early retirement of some of Dole's 13.875% senior secured notes due 2014 (2014 Notes). Furthermore, compared to 2010, the write-off of debt issuance costs increased \$8.1 million primarily due to the 2011 refinancing transactions.

The cross currency swap was scheduled to mature in June 2011. During the first quarter of 2011, Dole effectively unwound the cross currency swap by entering into a transaction to refinance its obligation under the cross currency swap through a series of long-term Japanese yen hedges that mature through December 2014. The value of these contracts will continue to fluctuate based on changes in the exchange rate over the life of the individual forward contracts. Refer to Note 16 - Derivative Financial Instruments for additional information.

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 of \$9 million.

***Interest Expense***

Interest expense for the year ended December 31, 2011 was \$142.4 million compared to \$164 million in 2010. The decrease was primarily due to lower effective borrowing rates related due in part to the maturity of Dole's interest swap during the second quarter of 2011.

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.

***Income Taxes***

Dole recorded income tax expense of \$6.5 million on \$42.6 million of income from continuing operations before income taxes and equity earnings for the year ended December 31, 2011, reflecting a 15.3% effective tax rate for the year. Income tax expense decreased \$6.9 million in 2011 compared to 2010 due primarily to the impact of a state law change effective for 2011 that reduced the deferred taxes on certain of Dole's intangibles. The effective tax rate in 2010 was (48.3%). 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 2011, Dole's income tax provision differs from the U.S. federal statutory rate applied to Dole's pre-tax income primarily due to the impact of a state law change that reduced the tax rate on certain of Dole's intangibles, a reduction of its U.S. federal valuation allowance partially offset by an increase in Dole's liability for unrecognized tax benefits, primarily attributable to potential issues with foreign investment in U.S. property.

Income tax expense for the fiscal year 2010 decreased by \$9.3 million compared to 2009 due primarily to lower earnings generated in certain foreign jurisdictions. The effective tax rate in 2009 was 23.2%. For 2010, Dole's income tax provision differed 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. For 2009, Dole's income tax provision differed from the U.S. federal statutory rate applied to Dole's pretax income primarily due to operations in foreign jurisdictions that are taxed at a rate lower than the U.S. federal statutory rate.

---

## **Table of Contents**

As of December 31, 2011, Dole has not provided for U.S. federal income and foreign withholding taxes on approximately \$2.4 billion of the excess of the amount for financial reporting over the tax basis of investments that are essentially permanent in duration. Management believes that such excess at December 31, 2011 will remain indefinitely invested at this time. The repatriation of cash currently held by Dole's foreign subsidiaries at December 31, 2011 would not currently result in a material cash tax payment. In the event cash flow from U.S. operations combined with accumulated previously taxed income is insufficient to fund U.S. 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 2012 foreign earnings. As a result, Dole's overall effective tax rate may increase in fiscal 2012 versus the effective tax rate experienced in previous years.

Dole had federal deferred tax assets totaling \$171 million at December 31, 2011 which management believes are recoverable through 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. If additional U.S. losses are experienced by Dole, 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 included various proposed adjustments, including with respect to the 2003 going-private merger transactions. The IRS proposed that certain funding used in the going-private merger was taxable and that some related investment banking fees were not deductible. The net tax deficiency associated with the RAR was \$122 million, plus interest. On October 27, 2009, Dole filed a protest letter challenging the proposed adjustments contained in the RAR and pursued resolution of these issues with the IRS Appeals Division. During the quarter ended October 8, 2011, Dole reached a final settlement with the Appeals Division on all issues. As a result, Dole's total amount of unrecognized tax benefits decreased by \$41 million, of which \$20 million represents a cash payment. The tax of \$20 million was paid in the fourth quarter of 2011, along with interest of \$11 million. The matter is now closed.

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 December 31, 2011 decreased to \$5.5 million from \$7.4 million in 2010. 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 and lower consumer demand in markets to which they sell.

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 CF. Lower earnings generated by CF were due in part to lower pricing in markets to which they sell.

### **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

**Table of Contents**

(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.

During the fourth quarter of 2011, Dole changed the segment classification of its Asia fresh vegetables operations from the fresh vegetables operating segment to the fresh fruit operating segment, which change aligns segment classification with operational reporting. The segment reporting change has been reflected for all periods presented.

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

	2011	2010 (In thousands)	2009
Revenues from external customers:			
Fresh fruit	\$ 5,023,855	\$ 4,792,544	\$ 4,775,489
Fresh vegetables	1,002,247	977,990	959,961
Packaged foods	1,197,106	1,121,417	1,041,853
Corporate	628	663	1,218
	\$ 7,223,836	\$ 6,892,614	\$ 6,778,521
Fresh fruit EBIT	\$ 172,158	\$ 117,693	\$ 300,645
Fresh vegetables EBIT	31,355	34,328	14,067
Packaged foods EBIT	96,451	106,960	105,491
Total operating segments EBIT	299,964	258,981	420,203
Corporate:			
Unrealized loss on cross currency swap	(3,787)	(67,257)	(21,051)
Net loss on long-term Japanese yen hedges	(20,380)		
Net unrealized loss on foreign denominated instruments	(1,724)	(3,173)	(612)
Share-based compensation	(5,808)	(4,533)	(624)
Write-off of debt issuance costs and refinancing fees	(12,759)	(4,650)	(5,601)
Loss on early retirement of notes	(13,453)		
Debt retirement costs in connection with initial public offering			(30,551)
Operating and other expenses	(51,447)	(35,776)	(48,279)
Corporate	(109,358)	(115,389)	(106,718)
Interest expense	(142,430)	(163,950)	(205,715)
Income taxes	(6,521)	(13,394)	(22,684)
Income (loss) from continuing operations	41,655	(33,752)	85,086
Income (loss) from discontinued operations, net of income taxes	(201)	629	1,639
Gain from disposal of discontinued operations, net of income taxes	339	2,957	1,308
Net income (loss)	\$ 41,793	\$ (30,166)	\$ 88,033



**Table of Contents****2011 Compared with 2010**

**Fresh Fruit:** Fresh fruit revenues for the year ended December 31, 2011 increased 5% to \$5 billion from \$4.8 billion for the year ended January 1, 2011. Banana sales increased \$150 million as a result of improved pricing worldwide and higher volumes sold in North America and Asia. Banana sales also benefitted from favorable Japanese yen and euro foreign currency exchange movements. These improvements were partially offset by lower volumes sold in Europe as well as the impact of the fourth quarter 2011 sale of Dole Spain. Lower sales in Northern Europe were due in part to lower consumer demand resulting from the bean sprout foodborne-illness outbreak in Northern Europe, which was not associated with any of Dole's products. Sales of Chilean deciduous fruit increased \$47 million primarily due to higher volumes and local pricing. Revenues in Asia also increased \$61 million due to higher local pricing and volumes of other fresh fruit and higher local pricing of fresh pineapple and fresh vegetables. Net favorable foreign currency exchange movements in Dole's foreign selling locations resulted in higher revenues of approximately \$190 million during the year ended December 31, 2011.

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

	2011	2010
	(In thousands)	
Fresh fruit products	\$ 201,501	\$ 118,982
Charges for restructuring and long-term receivables	(30,210)	(32,748)
Gain on arbitration settlement, net		27,271
Unrealized loss on foreign currency and fuel hedges	(1,488)	(47)
Net loss on long-term Japanese yen hedges	(121)	
Foreign currency exchange gain on vessel obligations	125	2,677
Net unrealized loss on foreign denominated instruments	(182)	(64)
Share-based compensation	(2,008)	(1,395)
Gain on asset sales	4,541	3,017
 Total Fresh fruit EBIT	 \$ 172,158	 \$ 117,693

Fresh fruit EBIT for the year ended December 31, 2011 increased 46% to \$172 million from \$118 million for the year ended January 1, 2011. Fresh fruit products earnings in 2011 increased to \$201.5 million from \$119 million in 2010. Banana EBIT increased primarily due to improved performance in Asia, resulting from better local pricing and favorable Japanese yen foreign currency exchange movements. In addition, pricing improved worldwide, and there were lower shipping and distribution costs in Europe. These benefits were partially offset by higher fruit costs worldwide, as well as higher shipping, selling, marketing and general and administrative expenses in North America and Asia. Lower shipping costs in Europe were mainly due to Dole's 2010 restructuring initiatives, which reduced vessel charters and inland freight costs. Higher fruit costs were due to higher contract prices from Latin American growers as well as higher commodity costs for containerboard and fertilizers. EBIT in the European ripening and distribution business increased primarily due to lower selling, marketing, and general and administrative expenses. This improvement was partially offset by higher product and shipping costs and lower equity earnings. Chilean deciduous fruit EBIT increased as a result of improved pricing. If foreign currency exchange rates in Dole's significant fresh fruit foreign operations during the year ended December 31, 2011 had remained unchanged from those experienced during the year ended January 1, 2011, Dole estimates that fresh fruit EBIT would have been lower by approximately \$30 million. Fresh fruit EBIT in 2011 included realized foreign currency hedge losses of \$36 million and realized foreign currency transaction gains of \$10 million.

**Fresh Vegetables:** Fresh vegetables revenues for the year ended December 31, 2011 increased \$24.3 million to \$1 billion. Packaged salads revenues increased as a result of higher pricing, partially offset by lower volumes due to continued efforts to improve customer mix. Revenues in the berries business increased primarily as a result of the October 2011 acquisition of SunnyRidge which contributed revenues of \$9 million. These

**Table of Contents**

improvements were partially offset by lower sales in the fresh-packed vegetable business primarily due to lower volumes and pricing of iceberg lettuce and lower volumes of broccoli and cauliflower, partially offset by higher pricing of romaine lettuce.

Fresh vegetables EBIT for the year ended December 31, 2011 decreased to \$31.4 million from \$34.3 million for the year ended January 1, 2011. Excluding the \$5.3 million settlement with a fresh vegetable supplier recorded in the fourth quarter of 2010, EBIT increased \$2.4 million. EBIT in the packaged salads business increased primarily due to improved pricing and lower marketing expenditures, partially offset by higher packaging and vegetable costs. The increase in vegetable costs was due in part to product shortages as a result of challenging weather conditions in January and February 2011. These improvements were partially offset by lower EBIT in the fresh-packed vegetables business primarily due to higher harvesting and growing costs. The acquisition of SunnyRidge did not have a significant impact to EBIT during 2011.

*Packaged Foods:* Packaged foods revenues for the year ended December 31, 2011 increased 7% to \$1.2 billion from \$1.12 billion for the year ended January 1, 2011. Revenues increased in all major product lines primarily due to improved pricing worldwide as well as higher volumes of packaged fruit products sold in Asia, and the North America frozen fruit business. Higher volumes of frozen fruit products were due in part to two new products launched in the third quarter of 2011, Dole fruit smoothie SHAKERS and Dole frozen fruit single-serve cups. These improvements were partially offset by lower volumes of packaged fruit products sold in North America. Net favorable foreign currency exchange movements in Dole's foreign selling locations resulted in higher revenues of approximately \$8 million during the year ended December 31, 2011.

EBIT in the packaged foods segment for the year ended December 31, 2011 decreased to \$96.5 million from \$107 million for the year ended January 1, 2011. The decrease in EBIT was due primarily to higher product, marketing, selling, and general and administrative costs worldwide, partially offset by higher pricing worldwide. The increase in product costs resulted from higher purchased fruit costs and unfavorable foreign currency exchange movements in Thailand and the Philippines, where product is sourced. Higher marketing expenditures were due to the 2011 product launches in North America. If foreign currency exchange rates in Dole's packaged foods foreign operations during the year ended December 31, 2011 had remained unchanged from those experienced during the year ended January 1, 2011, Dole estimates that packaged foods EBIT would have been higher by approximately \$14 million.

*Corporate:* Corporate EBIT includes general and administrative costs not allocated to the operating segments. Corporate EBIT in 2011 was a loss of \$109.4 million compared to a loss of \$115.4 million in 2010. Corporate EBIT is impacted by expenses as described in the EBIT table under Segment Results of Operations. Corporate operating and other expenses increased \$16 million primarily due to the fact that fiscal 2010 benefitted from a decrease in incentive compensation accruals.

***2010 Compared with 2009***

*Fresh Fruit:* Fresh fruit revenues in 2010 of \$4.8 billion were comparable to 2009. Excluding fiscal 2009 box plant sales of \$110 million, fresh fruit revenues increased \$127 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, other fresh fruit, and fresh vegetables in Asia. Chilean deciduous fruit revenues increased primarily as a 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.

**Table of Contents**

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

	2010	2009
	(In thousands)	
Fresh fruit products	\$ 118,982	\$ 244,071
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
Share-based compensation	(1,395)	(196)
Gain on asset sales	3,017	51,164
<b>Total Fresh fruit EBIT</b>	<b>\$ 117,693</b>	<b>\$ 300,645</b>

Fresh fruit EBIT in 2010 decreased to \$117.7 million from \$300.6 million in 2009. Fresh fruit products earnings in 2010 decreased to \$119 million from \$244.1 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 2% to \$978 million from \$960 million 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. 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 \$34.3 million from \$14.1 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 \$29.4 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 in 2010 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 benefitted 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.

**Liquidity and Capital Resources****CASH REQUIREMENTS:**

The following table summarizes Dole's contractual obligations and commitments at December 31, 2011:

	Payments Due by Period				Total
	Less Than 1 Year	1-2 Years	3-4 Years (In thousands)	After 4 Years	
Contractual obligations:					
Fixed rate debt	\$ 2,513	\$ 332,551	\$ 315,467	\$ 937	\$ 651,468
Variable rate debt	9,730	18,001	87,300	850,499	965,530
Notes payable	27,969				27,969
Capital lease obligations	3,885	6,808	6,674	39,633	57,000
Non-cancelable operating lease commitments	97,235	160,875	56,536	72,389	387,035
Purchase obligations	802,302	602,140	168,234	45,065	1,617,741
Long-term Japanese yen hedges	62,025	133,130			195,155
Minimum required pension funding	31,617	61,600	50,254	91,334	234,805
Postretirement benefit payments	3,918	7,666	7,355	16,397	35,336
Interest payments on fixed and variable rate debt	112,603	184,291	137,674	73,164	507,732
Total contractual cash obligations	\$ 1,153,797	\$ 1,507,062	\$ 829,494	\$ 1,189,418	\$ 4,679,771

*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 December 31, 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 3.1% at December 31, 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.

---

**Table of Contents**

*Capital Lease Obligations:* Dole's capital lease obligations include \$54.3 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 December 31, 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 \$166.1 million, \$185.9 million and \$199.6 million (net of sublease income of \$17.4 million, \$16.3 million and \$14.7 million) for 2011, 2010 and 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.

*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 \$667.6 million, \$637.3 million and \$563.1 million for 2011, 2010 and 2009, 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 2011, 2010 and 2009 were approximately \$199 million, \$190.4 million and \$168.9 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 December 31, 2011. No interest payments were calculated on the notes payable due to the short term nature of these instruments. As of December 31, 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.

*Long-term Japanese Yen Hedges:* Details regarding Dole's long-term Japanese yen hedges can be found in Note 16 of the consolidated financial statements. The long-term Japanese yen hedges are forward contracts that are cash flow hedges of a forecasted Japanese yen revenue stream. This instrument had a significant financing element that was present at the inception and represents an obligation of Dole. As a result, the cash inflows and outflows are included within financing activities in the statement of cash flows. These hedges will settle weekly through 2014 and the weekly settlement amounts will vary based on changes in the U.S. dollar/ Japanese Yen exchange rate. The forecasted settlements have been estimated as of December 31, 2011 based on certain assumptions, including assumptions about forward exchange rates. The table includes future settlements excluding the credit valuation adjustment.

*Other Obligations and Commitments:* Dole has obligations with respect to its pension and other postretirement benefit (OPRB) plans. During 2011, Dole contributed \$14.7 million to its qualified U.S. pension plan. These contributions were made to comply with minimum funding requirements under the Internal Revenue

**Table of Contents**

Code as amended by the Pension Protection Act of 2006. Dole expects to contribute \$17.1 million to its U.S. qualified plan during 2012. Dole also has nonqualified U.S. and international pension and OPRB plans. During 2011, Dole made payments of \$24.4 million related to these pension and OPRB plans. Dole expects to make payments of \$18.4 million related to its other U.S. and foreign pension and OPRB plans in 2012. 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 36% of Dole's hourly full-time and seasonal employees. Of the unionized employees, 32% are covered under collective bargaining agreements that will expire within one year and the remaining 68% 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 \$108 million of total gross unrecognized tax benefits, including interest and penalties at December 31, 2011. The timing of any payments which could result from these unrecognized tax benefits will depend on a number of factors, and accordingly, the amount and timing of any future payments cannot be reasonably estimated. We do not expect a significant tax payment related to these benefits within the next year.

**SOURCES AND USES OF CASH:**

	2011	2010 (In thousands)	2009
<b>Cash flow provided by (used in):</b>			
Operating activities	\$ 5,125	\$ 147,639	\$ 282,952
Investing activities	(82,735)	(69,917)	84,405
Financing activities	29,490	(29,371)	(340,695)
Foreign currency impact	321	2,126	2,179
 Increase (decrease) in cash	 \$ (47,799)	 \$ 50,477	 \$ 28,841

**Overview**

As of December 31, 2011, Dole had a cash and cash equivalents balance of \$122 million and an ABL revolver borrowing base of \$315.4 million. There was \$69.3 million outstanding under the ABL revolver at December 31, 2011. After taking into account approximately \$101 million of outstanding letters of credit issued under the ABL revolver, Dole had approximately \$145.1 million available for borrowings as of December 31, 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 2011, the average borrowings under the ABL revolver were \$8.9 million and the maximum borrowing outstanding was \$86.8 million.

At December 31, 2011, Dole had total outstanding long-term borrowings of \$1.64 billion, consisting primarily of \$155 million of unsecured debentures due 2013 and \$1.49 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 \$895.5 million at December 31, 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 Dole's U.S. manufacturing plants and processing facilities that has a net book value exceeding 1% of our net tangible assets.

**Table of Contents**

In addition to amounts available under the revolving credit facility, Dole’s subsidiaries have uncommitted lines of credit of approximately \$105.1 million at various local banks, of which \$72.4 million was available at December 31, 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 2012 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, of this Form 10-K.

**Cash Flows from Operating Activities**

Cash flows provided by operating activities were \$5.1 million in 2011 compared to cash flows provided by operating activities of \$147.6 million in the prior year. The decrease was primarily due to higher inventory costs attributable to rising commodity prices as well as supporting new products and other revenue growth and lower levels of accounts payable and accrued liabilities due to timing. These factors were partially offset by higher net income. 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 from Investing Activities**

Cash flows used in investing activities were \$82.7 million in 2011 compared to cash flow used in investing activities of \$69.9 million in the prior year. The increase was mainly due to the acquisition of SunnyRidge which used approximately \$78 million of cash at closing and equity method investments of \$8 million. These factors were partially offset by lower levels of restricted deposits primarily due to the elimination of the collateral requirement for the cross currency swap. 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. Dole currently estimates that its 2012 capital additions will be approximately \$110 million.

**Cash Flows from Financing Activities**

Cash flows provided by financing activities were \$29.5 million in 2011 compared to \$29.4 million cash flows used in the prior year. The change was mainly due to \$68.7 million of higher borrowings, net of repayments, compared to 2010. 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.

*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

---

**Table of Contents**

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**

Dole's term loan and ABL revolver facilities were amended and restated on July 8, 2011. The amendments, among other things: (i) for the ABL revolver facility, decreased the applicable margin for LIBOR borrowings to 1.75% - 2.25%, and for base rate borrowings to 0.75% - 1.25%, with the rate at any time determined by the average historical borrowing availability; (ii) for the term loan facilities, reduced the LIBOR floor to 1.25% and increased the LIBOR applicable margin to 3.75%, and the base rate applicable margin to 2.75%, with an opportunity to reduce the applicable margin by 0.25% after December 31, 2011 if Dole's Total Leverage Ratio is 3.50:1.00 or lower; (iii) eliminated the financial maintenance covenants of total leverage ratio and minimum interest coverage ratio (such covenants had been in the previous term loan facilities, but not the revolving credit facility); (iv) added greater operating and financial flexibility for Dole; and (v) provided for other technical and clarifying changes. The amended credit facilities provide \$900 million of term debt due 2018 and up to \$350 million of revolving debt due 2016.

In connection with the July 8, 2011 amendment of the term loan and ABL revolver facilities, Dole recorded a charge of approximately \$12.7 million to other income (expense), net during the third quarter of 2011. This charge relates to fees incurred in connection with the refinancing as well as the write-off of deferred debt issuance costs and debt discounts.

As a result of the partial retirement of the 2014 notes, Dole recorded a charge of \$13.5 million to other income (expense) in the consolidated statement of operations during the third quarter of 2011. This charge relates to premium paid in connection with the early debt retirement as well as the write-off of deferred debt issuance costs and debt discounts.

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

**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 December 31, 2011, guarantees of \$2.5 million consisted primarily of amounts advanced under third-party bank agreements to independent growers that supply Dole with product. In addition, Dole had restricted cash on deposit at December 31, 2011 of \$5.5 million securing the indebtedness of several fruit suppliers. 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 bonds issued by insurance companies. These letters of credit, bank guarantees and insurance company bonds are required by certain regulatory authorities, suppliers and other operating agreements. As of December 31, 2011, total letters of credit, bank guarantees and bonds outstanding under these arrangements were \$187 million.

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 \$165.9 million of its subsidiaries' obligations to suppliers and other third parties as of December 31, 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.



---

## **Table of Contents**

As disclosed in Note 18 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 amended 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, liens, 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 (i) \$35 million and (ii) 12.5% of the lesser of the Total Commitment (as defined) and the borrowing base. To date, the springing covenant has never been effective and Dole does not currently anticipate that the springing covenant will become effective. At December 31, 2011, Dole was in compliance with all applicable covenants.

A breach of a covenant or other provision in any debt instrument governing Dole's 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 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 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, income taxes, 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 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 2011, 2010 and 2009 were approximately \$202.5 million, \$169.5 million and \$185.3 million, respectively. Net grower advances receivable were \$48.3 million and \$48.6 million at December 31, 2011 and January 1, 2011, 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.

---

**Table of Contents**

*1) Property, Plant and Equipment and Amortizable 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 \$99.5 million, \$110.4 million and \$115.8 million in 2011, 2010 and 2009, respectively, and amortization expense of approximately \$4.5 million, \$3.8 million and \$3.8 million in 2011, 2010 and 2009, respectively.

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.

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.

*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

---

**Table of Contents**

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 December 31, 2011, management's estimates of future taxable income to recover its existing U.S. federal deferred tax assets totaling approximately \$171 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, 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, 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 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. At this time, Dole believes that it is reasonably possible that the total amount of unrecognized tax benefits could decrease in 2012 by approximately \$17 million relating to transfer pricing items as a result of expiration of the statute of limitations.

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 2011 and 2010 pension expense was determined using an expected rate of return on U.S. plan assets of 8%. At December 31, 2011, Dole's U.S. pension plan

---

## **Table of Contents**

investment portfolio was invested approximately 49% in equity securities, 50% in fixed income securities and 1% 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 4.7% in 2011 and 5.0% in 2010 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 \$7.9 million and increase the annual expense by \$0.4 million.

Dole's foreign pension plans' weighted average discount rate was 6.5% and 7.1% for 2011 and 2010, respectively. A 25 basis point decrease in the assumed discount rate of the foreign plans would increase the projected benefit obligation by approximately \$2.7 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.

## **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.

**Table of Contents**

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. After having provisionally applied since December 15, 2009, the terms of the settlement were approved by the European Council in a Council Decision dated March 7, 2011 and have now entered into force.

During fiscal 2010, Dole recorded tariff refunds of \$8 million for the period from December 15, 2009 through June 8, 2010, of which substantially all have been collected. The lower tariff rates benefitted fiscal 2010 EBIT by an additional amount of approximately \$7 million and fiscal 2011 EBIT by approximately \$2 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 translated into all EU languages and are subject to approval by all EU Member States and the European Parliament before they can 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 when the necessary approvals will be obtained and when, or if, these FTAs will come into force.

**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 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 December 31, 2011, Dole had \$634 million of fixed-rate debt, \$2.7 million of fixed-rate capital lease obligations and \$6.6 million of other debt with a combined weighted average interest rate of 9.7% and a fair value of \$703.6 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 \$16 million.

As of December 31, 2011, Dole had the following variable-rate arrangements: \$953.6 million of variable-rate debt, \$54.3 million of variable-rate capital lease obligations and \$0.7 million of other debt with a combined weighted average interest rate of 4.8%. 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 \$7 million.

---

**Table of Contents**

*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 2011, Dole had approximately \$750 million of annual sales denominated in Japanese yen, \$1.25 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 2011 had remained unchanged from 2010, Dole's revenues would have been lower by approximately \$181 million. Operating income would have been lower by approximately \$37 million, excluding the impact of hedges. 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 \$42 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 2011 had remained unchanged from 2010, 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 \$67 million, excluding the impact of foreign currency exchange hedges.

At December 31, 2011, Dole had British pound sterling denominated capital lease obligations. The British pound sterling denominated capital lease of \$54.3 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 2011, Dole recognized \$0.1 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 \$5 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 losses of \$11.7 million in 2011. 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 2012 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 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.

**Table of Contents**

At December 31, 2011, Dole's foreign currency hedge portfolio was as follows:

	<b>Gross Notional Value Forwards</b>	<b>Fair Market Value Assets (Liabilities)</b>	<b>Average Strike Price</b>
	<b>(In thousands, except average strike price)</b>		
<i>Foreign Currency Hedges(buy/sell):</i>			
U.S. dollar/Japanese yen	\$ 589,390	\$ (184,612)	JPY 100.96
Thai Baht/U.S. dollar	186,298	(5,824)	THB 30.90
Philippine Peso/U.S. dollar	88,753	(2,605)	PHP 42.63
U.S. dollar/Euro	66,732	5,404	EUR 1.41
Chilean Peso/U.S. dollar	19,624	(970)	CLP 501.21
South African Rand/Euro	2,871	171	ZAR 11.45
British pound sterling/U.S. dollar	2,157	2	GBP 1.55
South African Rand /U.S. dollar	900	14	ZAR 8.42
South African Rand/ British pound sterling	809	18	ZAR 13.71
<b>Total</b>	<b>\$ 957,534</b>	<b>\$ (188,402)</b>	

For the year ended December 31, 2011, net unrealized gains on Dole's foreign currency hedge portfolio totaled \$6.7 million.

Dole also recorded net realized foreign currency hedging losses of \$22.4 million and \$3.7 million as a component of cost of products sold and other income (expense), respectively, in the consolidated statement of operations for the year ended December 31, 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 \$13.5 million and a 10% increase in the price of bunker fuel would lower operating income by approximately \$17.8 million.

Dole enters into bunker fuel hedges to reduce its risk related to price fluctuations on anticipated bunker fuel purchases. At December 31, 2011, bunker fuel hedges had an aggregate outstanding notional amount of 28,000 metric tons. The fair value of the bunker fuel hedges at December 31, 2011 was an asset of \$1.6 million. For the year ended December 31, 2011, Dole recorded realized gains of \$4.7 million. During 2011, unrealized losses were immaterial.

*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.

**Table of Contents**

**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 December 31, 2011:	
<u>Reports of Independent Registered Public Accounting Firm</u>	53
<u>Consolidated Statements of Operations for the Years Ended December 31, 2011, January 1, 2011, and January 2, 2010</u>	55
<u>Consolidated Statements of Comprehensive Income (loss) for the Years Ended December 31, 2011, January 1, 2011, and January 2, 2010</u>	56
<u>Consolidated Balance Sheets as of December 31, 2011 and January 1, 2011</u>	57
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2011, January 1, 2011 and January 2, 2010</u>	58
<u>Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2011, January 1, 2011 and January 2, 2010</u>	60
<u>Notes to Consolidated Financial Statements</u>	61
<b>II. Supplementary Data</b>	
<u>Quarterly Financial Information (Unaudited)</u>	126



**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 December 31, 2011 and January 1, 2011, and the related consolidated statements of operations, comprehensive income (loss), shareholders equity, and cash flows for the years ended December 31, 2011, January 1, 2011, and January 2, 2010. 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 December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2011, January 1, 2011, and January 2, 2010, 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.

As discussed in Note 2 to the consolidated financial statements, during 2011 the Company adopted Accounting Standards Update 2011-5 which revises the presentation of comprehensive income.

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 December 31, 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 15, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California  
March 15, 2012

**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 December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in the accompanying Annual Report of Management on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting of HCE Corporation and Subsidiaries ( SunnyRidge ), which was acquired on October 11, 2011 and whose financial statements constitute 0% and 2.5% of net and total assets, respectively, 0% of revenues, and 0% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2011. Accordingly, our audit did not include the internal control over financial reporting at SunnyRidge. 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 effectiveness to future periods are subject to the risk that 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 December 31, 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 December 31, 2011 of the Company and our report dated March 15, 2012 expressed an unqualified opinion on those financial statements and financial statement schedule and includes an explanatory paragraph regarding the adoption of Accounting Standards Update 2011-5 which revises the presentation of comprehensive income.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California  
March 15, 2012

**Table of Contents****DOLE FOOD COMPANY, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****For the Years Ended December 31, 2011, January 1, 2011 and January 2, 2010**

	2011	2010	2009
	(In thousands, except per share data)		
Revenues, net	\$ 7,223,836	\$ 6,892,614	\$ 6,778,521
Cost of products sold	(6,438,685)	(6,202,864)	(6,008,803)
Gross margin	785,151	689,750	769,718
Selling, marketing and general and administrative expenses	(535,132)	(498,866)	(479,229)
Charges for restructuring and long-term receivables (Note 5 and 6)	(24,916)	(32,748)	
Gain on legal settlements, net (Note 18)		32,521	
Gain on asset sales (Note 9)	4,541	3,017	61,257
Operating income	229,644	193,674	351,746
Other income (expense), net	(49,233)	(63,641)	(24,727)
Debt retirement costs in connection with initial public offering (Note 3 and 12)			(30,551)
Interest income	4,665	6,195	6,917
Interest expense	(142,430)	(163,950)	(205,715)
Income (loss) from continuing operations before income taxes and equity earnings	42,646	(27,722)	97,670
Income taxes	(6,521)	(13,394)	(22,684)
Earnings from equity method investments	5,530	7,364	10,100
Income (loss) from continuing operations, net of income taxes	41,655	(33,752)	85,086
Income (loss) from discontinued operations, net of income taxes	(201)	629	1,639
Gain on disposal of discontinued operations, net of income taxes	339	2,957	1,308
Net income (loss)	41,793	(30,166)	88,033
Less: Net income attributable to noncontrolling interests	(3,434)	(3,958)	(3,948)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ 38,359	\$ (34,124)	\$ 84,085
Earnings per share Basic (Note 21):			
Income (loss) from continuing operations	\$ 0.48	\$ (0.39)	\$ 1.45
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ 0.44	\$ (0.39)	\$ 1.43
Earnings per share Diluted (Note 21):			
Income (loss) from continuing operations	\$ 0.47	\$ (0.39)	\$ 1.45
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ 0.44	\$ (0.39)	\$ 1.43

See Notes to Consolidated Financial Statements

**Table of Contents****DOLE FOOD COMPANY, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****For the Years Ended December 31, 2011, January 1, 2011 and January 2, 2010**

	2011	2010 (In thousands)	2009
Net income (loss)	\$ 41,793	\$ (30,166)	\$ 88,033
Net foreign currency translation adjustment	(11,717)	3,844	11,055
Unrealized hedging gains (losses), net of income taxes of (\$2,914), \$1,907, and \$0	(45,619)	(14,416)	(3,593)
Reclassification of realized losses to net income (loss), net of income taxes of \$1,281, \$(47), and \$0	32,751	9,390	11,597
Change in employee benefit plans, net of income taxes of (\$8,964), (\$1,019), and (\$10,963)	(22,872)	(19,443)	(11,433)
Comprehensive income (loss)	(5,664)	(50,791)	95,659
Less: Comprehensive income attributable to noncontrolling interests	(3,438)	(3,961)	(3,964)
Comprehensive income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ (9,102)	\$ (54,752)	\$ 91,695

See Notes to Consolidated Financial Statements

**Table of Contents****DOLE FOOD COMPANY, INC.****CONSOLIDATED BALANCE SHEETS**

As of December 31, 2011 and January 1, 2011

	2011	2010
	(In thousands, except per share data)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 122,348	\$ 170,147
Restricted cash and deposits	6,230	51,108
Receivables, net of allowances of \$32,237 and \$36,533, respectively	685,094	751,265
Inventories	829,517	734,966
Prepaid expenses and other assets	65,331	67,909
Deferred income tax assets	26,184	36,810
Assets held-for-sale (Note 9)	75,641	86,050
<b>Total current assets</b>	<b>1,810,345</b>	<b>1,898,255</b>
Investments	99,469	87,914
Actively marketed land (Note 9)	74,814	
Property, plant and equipment, net of accumulated depreciation of \$1,150,304 and \$1,117,461, respectively	910,729	943,030
Goodwill	416,862	407,247
Intangible assets, net	732,013	701,081
Other assets, net	225,839	219,463
<b>Total assets</b>	<b>\$ 4,270,071</b>	<b>\$ 4,256,990</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 452,049	\$ 521,330
Liabilities related to assets held-for-sale (Note 9)	49,117	
Accrued liabilities	540,479	642,481
Current portion of long-term debt, net	10,756	7,348
Notes payable	27,969	31,922
<b>Total current liabilities</b>	<b>1,080,370</b>	<b>1,203,081</b>
Long-term debt, net	1,641,112	1,564,325
Deferred income tax liabilities	181,677	244,324
Other long-term liabilities	548,491	428,476
Commitments and contingencies (Notes 15 and 18)		
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, 88,952 and 88,611 shares issued and outstanding as of December 31, 2011 and January 1, 2011	89	89
Additional paid-in capital	786,355	776,918
Retained earnings	109,442	71,083
Accumulated other comprehensive loss	(103,382)	(55,921)
Equity attributable to shareholders of Dole Food Company, Inc.	792,504	792,169
Equity attributable to noncontrolling interests	25,917	24,615
<b>Total equity</b>	<b>818,421</b>	<b>816,784</b>
<b>Total liabilities and equity</b>	<b>\$ 4,270,071</b>	<b>\$ 4,256,990</b>

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

See Notes to Consolidated Financial Statements

**Table of Contents****DOLE FOOD COMPANY, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****For the Years Ended December 31, 2011, January 1, 2011 and January 2, 2010**

	2011	2010 (In thousands)	2009
<b>Operating Activities</b>			
Net income (loss)	\$ 41,793	\$ (30,166)	\$ 88,033
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	103,921	114,239	119,572
Share-based compensation expense	9,143	6,642	925
Net unrealized losses on financial instruments	24,485	66,366	17,030
Asset write-offs and net (gain) loss on sale of assets	9,209	(4,117)	(64,984)
Earnings from equity method investments	(5,530)	(7,364)	(10,100)
Amortization of debt discounts and debt issuance costs	11,162	11,507	8,626
Debt retirement costs in connection with initial public offering			30,551
Provision for long-term receivables		11,404	
Write-off of debt issuance costs	12,759	4,650	5,601
Loss on early retirement of notes	13,453		
Provision for deferred income taxes	(47,128)	3,958	1,391
Impairment of discontinued operations		1,186	
Pension and other postretirement benefit plan expense	25,774	23,437	14,321
Other	149	225	(468)
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Receivables	(15,308)	(18,672)	41,153
Inventories	(104,296)	(14,239)	42,373
Prepaid expenses and other assets	(10,736)	(21,230)	(34,275)
Income taxes	2,269	(16,969)	(253)
Accounts payable	(3,562)	37,846	(7,781)
Accrued liabilities	(28,703)	10,123	39,994
Other long-term liabilities	(33,729)	(31,187)	(8,757)
Cash flow provided by operating activities	5,125	147,639	282,952
<b>Investing Activities</b>			
Cash received from sales of assets and businesses, net of cash disposed	41,722	45,891	159,564
Business acquisitions, net of cash acquired	(79,034)		
Cash received from sales of investments, net of cash disposed	1,051		
Capital expenditures	(82,187)	(87,402)	(51,212)
Restricted cash	44,878	(27,818)	(23,290)
Investments in non-consolidated subsidiaries	(8,038)		
Other	(1,127)	(588)	(657)
Cash flow provided by (used in) investing activities	(82,735)	(69,917)	84,405
<b>Financing Activities</b>			
Short-term debt borrowings	2,887	57,535	37,918
Short-term debt repayments	(10,128)	(76,341)	(33,621)
Long-term debt borrowings	1,337,478	923,370	1,294,712
Long-term debt repayments	(1,270,969)	(913,973)	(1,906,583)
Payment of debt issuance costs	(13,007)	(17,000)	(25,409)
Premium on early retirement of notes	(10,238)		
Payment of initial public offering costs		(1,004)	
Net proceeds from stock option exercises	312		
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	(2,935)	(1,958)	(6,382)
Settlement of long-term Japanese yen hedge forwards	(3,910)		

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

Cash flow provided by (used in) financing activities	29,490	(29,371)	(340,695)
Effect of foreign currency exchange rate changes on cash	321	2,126	2,179
Increase (decrease) in cash and cash equivalents	(47,799)	50,477	28,841
Cash and cash equivalents at beginning of period	170,147	119,670	90,829
Cash and cash equivalents at end of period	\$ 122,348	\$ 170,147	\$ 119,670



**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

**For the Years Ended December 31, 2011, January 1, 2011 and January 2, 2010**

**Supplemental cash flow information**

At December 31, 2011, January 1, 2011 and January 2, 2010, accounts payable included approximately \$12.3 million, \$18.3 million and \$6.1 million, respectively, for capital expenditures. Amounts included in accounts payable for capital expenditures at the end of each year have been repaid substantially in the subsequent year.

During 2011, Dole settled its Japanese yen cross currency swap through the refinancing of the liability in a non-cash transaction. Refer to Note 16 Derivative Financial Instruments for further information.

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 18 Contingencies for further information.

Income tax payments, net of refunds, for the years ended December 31, 2011, January 1, 2011 and January 2, 2010 were \$50.8 million, \$26.4 million and \$20.9 million, respectively.

Interest payments on borrowings totaled \$139.9 million, \$157.2 million and \$184.7 million during the years ended December 31, 2011, January 1, 2011, and January 2, 2010, respectively.

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 December 31, 2011, January 1, 2011 and January 2, 2010

	Equity Attributable to Shareholders of Dole Food Company Inc.								
	Common Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Pension & Other Postretirement Benefits (In thousands)	Cumulative Translation Adjustment	Accumulated Other Comprehensive Income (Loss) Unrealized Gains (Losses) on Hedges	Equity Attributable to Noncontrolling Interests	Total Equity
Balance at January 3, 2009	51,710	\$ 51	\$ 409,630	\$ 36,122	\$ (40,960)	\$ 27,187	\$ (29,130)	\$ 30,259	\$ 433,159
Net income				84,085				3,948	88,033
Initial public offering	35,715	36	415,084						415,120
Deemed assumption of Hotel and Wellness Center debt			(85,000)						(85,000)
Transfer of land (and taxes related to the transfer) to affiliate entity			(5,956)						(5,956)
Contribution of net deferred tax assets from DHM Holding Company, Inc.			33,794						33,794
Share-based compensation			925						925
Issuance of restricted stock	808	1	(1)						
Change in noncontrolling interests								(340)	(340)
Dividends paid				(15,000)				(6,382)	(21,382)
Net foreign currency translation adjustment						11,039		16	11,055
Unrealized hedging gains (losses), net of income taxes of \$0							(3,593)		(3,593)
Reclassification of realized losses to net income, net of income taxes of \$0							11,597		11,597
Change in employee benefit plans, net of income taxes of (\$10,963)					(11,433)				(11,433)
Contribution received from noncontrolling interest			497					(497)	
Balance at January 2, 2010	88,233	\$ 88	\$ 768,973	\$ 105,207	\$ (52,393)	\$ 38,226	\$ (21,126)	\$ 27,004	\$ 865,979
Net loss				(34,124)				3,958	(30,166)
Liquidation of noncontrolling interests								(314)	(314)
Transfer of land (and taxes related to the transfer) from affiliate entity			1,337						1,337
Share-based compensation			6,642						6,642
Issuance of restricted stock	396	1	(1)						
Cancellation of restricted stock	(18)		(33)						(33)
Dividends paid								(1,958)	(1,958)
Non-cash distribution								(4,078)	(4,078)
Net foreign currency translation adjustment						3,841		3	3,844
Unrealized hedging gains (losses), net of income taxes of \$1,907							(14,416)		(14,416)
Reclassification of realized losses to net loss, net of income taxes of (\$47)							9,390		9,390
Change in employee benefit plans, net of income taxes of (\$1,019)					(19,443)				(19,443)
Balance at January 1, 2011	88,611	\$ 89	\$ 776,918	\$ 71,083	\$ (71,836)	\$ 42,067	\$ (26,152)	\$ 24,615	\$ 816,784

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

Net income					38,359				3,434	41,793
Share-based compensation					9,143					9,143
Exercise of stock options	27				312					312
Issuance of restricted stock	357									
Cancellation of restricted stock	(43)				(18)					(18)
Dividends paid									(2,935)	(2,935)
Change in noncontrolling interests									799	799
Net foreign currency translation adjustment										
									(11,721)	4
Unrealized hedging gains (losses), net of income taxes of (\$2,914)										(45,619)
Reclassification of realized losses to net income, net of income taxes of \$1,281										32,751
Change in employee benefit plans, net of income taxes of (\$8,964)										(22,872)
Balance at December 31, 2011	88,952	\$ 89	\$ 786,355	\$ 109,442	\$ (94,708)	\$ 30,346	\$ (39,020)	\$ 25,917	\$ 818,421	

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. Dole's Chairman, David H. Murdock, and his affiliates beneficially own 51,710,000 common shares, or 58.1% 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.

Dole's fiscal year ends on the Saturday closest to December 31. The fiscal years 2011, 2010 and 2009 ended on December 31, 2011, January 1, 2011 and January 2, 2010, respectively. Dole operates under a 52/53 week year. Fiscals 2011, 2010 and 2009 were 52-week years.

*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. 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

---

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

over the term of the arrangement. Adjustments to estimates are 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 \$100.3 million, \$99.5 million and \$92.1 million during the years ended December 31, 2011, January 1, 2011 and January 2, 2010.

*Research and Development Costs:* Research and development costs are expensed as incurred. Research and development costs were not material for the years ended December 31, 2011 January 1, 2011 and January 2, 2010.

*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, 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.

---

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

*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. 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.

*Receivables:* Receivables consist primarily of trade, notes, and other receivables. These receivables are recorded at net realizable value. Allowances against receivables are established based on specific account data and factors such as Dole's historical losses, current economic conditions, age of receivables, the value of any collateral, and payment status compared to payment terms. Account balances are written off against the allowance if and when management determines the receivable is uncollectible.

*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 December 31, 2011 January 1, 2011 and January 2, 2010, substantially all of Dole's investments have been accounted for under the equity method.

Dole's investments are reviewed for impairment when indicators of impairment arise, and investments are impaired when there is an other-than-temporary decline in the investments fair value.

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

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

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 definite lived intangible assets is 8 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 December 31, 2011, January 1, 2011 and January 2, 2010. No individual customer accounted for greater than 10% of accounts receivable as of December 31, 2011 January 1, 2011 and January 2, 2010.

*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, revolving credit facility 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 including any credit valuation adjustments using market based inputs (refer to Notes 16 and 17 for additional information).

Dole also holds retirement plan assets which are measured at fair value. Dole estimates the fair values of its retirement plan assets based on quoted market prices dependent on availability. In instances where quoted market prices are not readily available, the fair value of the investments securities is estimated based on pricing models using observable or unobservable inputs. (refer to Note 17 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

---

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

modification and, depending on the lease terms, are classified as either capital leases or operating leases. 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 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 December 31, 2011 or January 1, 2011.

*Share-Based Compensation:* Dole recognizes share-based payments 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. 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, with the exception of performance based options which are expensed based on the probability of achievement of the underlying targets (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.

*Workers' Compensation and Loss Reserves:* Dole self-insures certain losses arising out of workers' compensation claims. Dole establishes workers' 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 Issued and Adopted Accounting Pronouncements**

During May 2011, the Financial Accounting Standards Board ( FASB ) issued a standard which seeks to further convergence between U.S. Generally Accepted Accounting Principles ( U.S. GAAP ) and International Financial Reporting Standards requirements for measurement of, and disclosures about, fair value. This guidance clarifies the application of existing fair value measurements and disclosures, and changes certain principles or requirements for fair value measurements and disclosures. The amendments are to be applied prospectively and are effective for interim and annual periods beginning after December 15, 2011. Dole anticipates that the implementation of the guidance will only affect future disclosures, and will not have an impact on Dole's results of operation, or financial position.



---

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

During June 2011, the FASB issued a standard which revised the presentation of other comprehensive income ( OCI ). The new guidance requires entities to present net income and OCI in either a single continuous statement or in separate consecutive statements. The guidance does not change the components of net income or OCI, when OCI should be reclassified to net income, or the earnings per share calculation. This accounting guidance is effective for annual reporting periods beginning after December 15, 2011. Dole early adopted the guidance as permitted during the second quarter of 2011. The adoption of the standard had no impact on Dole s results of operations or financial position.

In September 2011, the FASB issued a standard which amended how entities test for goodwill impairments. The new guidance permits a company to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. This accounting guidance is effective for annual reporting periods beginning after December 15, 2011, and is effective for Dole beginning in the first quarter of 2012. The adoption of the standard is expected to have no impact on Dole s results of operations or financial position.

During September 2011, the FASB issued a standard which amended the disclosures for multi-employer pension plans. The new guidance requires entities to present additional quantitative and qualitative information including the plan name and identifying number, the level of participation, nature of the employer commitment as well as the overall funding health of the significant plans in which they are participating. This accounting guidance is effective for fiscal years ending after December 15, 2011, and is effective for Dole beginning the fourth quarter of 2011.

**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 58.1% 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

---

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

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 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

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

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).

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 2011, 2010 and 2009 are the following items:

	2011	2010 (In thousands)	2009
Unrealized loss on the cross currency swap	\$ (3,787)	\$ (67,257)	\$ (21,051)
Realized gain on the cross currency swap	1,885	8,481	9,382
Loss on long-term Japanese yen hedges	(20,380)		
Unrealized loss on foreign denominated borrowings	(2,607)	(2,421)	(1,190)
Realized gains (loss) on foreign denominated borrowings	899	527	(436)
Foreign currency exchange gain (loss) on vessel obligation	125	2,677	(6,326)
Write-off of debt issuance costs and refinancing fees	(12,759)	(4,650)	(5,601)
Loss on early retirement of notes	(13,453)		
Other	844	(998)	495
Other income (expense), net	\$ (49,233)	\$ (63,641)	\$ (24,727)

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

Refer to Note 16 Derivative Financial Instruments for further discussion regarding Dole's cross currency swap and long-term Japanese hedges.

**Note 5 Charges for Restructuring**

As a result of 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 (2010 plan). 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 quarter of 2011, Dole committed to further restructure its fresh fruit operations in Europe and Latin America, as well as restructure the fresh vegetables operations in Asia (2011 plan). As part of this plan, Dole consolidated certain operations in Europe to reduce overhead, restructured farming operations in Latin America, and further rationalized vessel charters. In addition, Dole ended certain unprofitable contractual arrangements in Asia.

As a result of these various initiatives, Dole expects to realize cash savings in its financial results. 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, the termination of unprofitable contractual arrangements, and lower selling and general and administrative costs as a result of streamlining Dole's organization in Europe.

**2010 Restructuring Plan**

Related to the 2010 plan, Dole incurred restructuring costs of \$20 million during 2011, which includes approximately \$5.3 million of inventory write-downs that were recorded in costs of products sold during the third quarter of 2011. Dole incurred cumulative restructuring costs of \$41.3 million since the third quarter of 2010 for this plan. Of these costs, \$20.5 million were paid or will be paid in cash, with the remaining amounts related to the non-cash write-down of long-lived assets and deferred crop-growing costs of \$12.8 million as well as pension-related settlement charges of \$8 million. Severance charges relating to employee terminations involved approximately 3,400 employees.

Dole expects to incur additional restructuring charges of approximately \$0.6 million during the fiscal 2012 related to the 2010 plan. These additional charges will primarily consist of employee severance and contract termination costs. Approximately 200 employees are expected to be impacted by these initiatives.

The following table summarizes restructuring charges related to the 2010 plan:

	Charges Incurred in 2011	Cumulative Charges Incurred	Additional Charges to be Incurred	Total Charges
	(In thousands)			
Severance and other employee-related costs	\$ 1,950	\$ 8,618	\$ 187	\$ 8,805
Contract termination and other costs	7,459	11,917	396	12,313
Pension-related settlement charges	2,533	7,982		7,982
Asset write-downs	2,742	7,511		7,511
<b>Subtotal</b>	<b>14,684</b>	<b>36,028</b>	<b>583</b>	<b>36,611</b>
Inventory write-downs recorded in costs of products sold	5,294	5,294		5,294
<b>Total restructuring charges</b>	<b>\$ 19,978</b>	<b>\$ 41,322</b>	<b>\$ 583</b>	<b>\$ 41,905</b>



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

A rollforward of activity for Dole's restructuring liabilities related to the 2010 plan, which are classified in accrued liabilities in the accompanying consolidated balance sheets, is summarized as follows:

	Balance as of January 1, 2011	Charges	Cash Payments (In thousands)	Non-cash	Balance as of December 31, 2011
Severance and other employee-related costs	\$ 2,092	\$ 1,950	\$ (3,136)	\$ (821)	\$ 85
Contract termination and other costs	3,555	7,459	(7,299)		3,715
<b>Total</b>	<b>\$ 5,647</b>	<b>\$ 9,409</b>	<b>\$ (10,435)</b>	<b>\$ (821)</b>	<b>\$ 3,800</b>

**2011 Restructuring Plan**

Related to the 2011 plan, Dole incurred restructuring costs of \$10.2 million during 2011. Of these costs, \$6.7 million were paid or will be paid in cash, with the remaining amounts related to the non-cash write-down of long-lived assets of \$3.4 million as well as pension-related settlement charges of \$0.1 million. Severance charges relating to employee terminations involved approximately 450 employees.

Dole expects to incur additional restructuring charges of approximately \$3.1 million in fiscal 2012 related to the 2011 plan. These additional charges will primarily consist of employee severance and contract termination costs. Approximately 100 additional employees are expected to be impacted by these initiatives.

The following table summarizes restructuring charges related to the 2011 plan:

	Charges Incurred in 2011	Additional Charges to be Incurred (In thousands)	Total Charges
Severance and other employee-related costs	\$ 442	\$ 1,193	\$ 1,635
Contract termination and other costs	6,294	1,895	8,189
Pension-related settlement charges	86		86
Asset write-downs	3,410		3,410
<b>Total</b>	<b>\$ 10,232</b>	<b>\$ 3,088</b>	<b>\$ 13,320</b>

A rollforward of activity for Dole's restructuring liabilities related to the 2011 plan, which are classified in accrued liabilities in the accompanying consolidated balance sheets, is summarized as follows:

	Balance as of January 1, 2011	Charges	Cash Payments (In thousands)	Non-cash	Balance as of December 31, 2011
--	--	---------	---------------------------------	----------	--

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

Severance and other employee-related costs	\$	\$ 442	\$ (248)	\$	\$ 194
Contract termination and other costs		6,294	(1,913)	(146)	4,235
<b>Total</b>	<b>\$</b>	<b>\$ 6,736</b>	<b>\$ (2,161)</b>	<b>\$ (146)</b>	<b>\$ 4,429</b>

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

***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 was that payment would not be received during the next year. During fiscal 2010, Dole recorded provisions for bad debt of \$11.4 million. In addition, Dole recorded provisions for bad debt of \$4.4 million during fiscal 2009.

**Note 6 Long-Term Receivables**

At December 31, 2011, Dole's long-term financing receivables consisted of \$14.6 million grower advances, net of allowances, an \$8.3 million note receivable related to the sale of discontinued operations, 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 December 31, 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 December 31, 2011, these advances had an allowance for credit losses of \$12.7 million, and approximately \$6.6 million of the net grower advances were 90 days past due. Dole's historical losses on its long-term grower advances have been immaterial and Dole expects this to continue. During the year ended December 31, 2011, the allowance for grower advances increased by \$1.9 million, of which \$1.0 million related to an increase in the provision that was recorded to cost of products sold, and the remaining \$0.9 million related to the reclassification of grower advances from short-term to long-term receivables.

At December 31, 2011, Dole has an \$8.3 million note receivable and a \$1 million interest receivable from the buyer of the fresh-cut flowers business. These receivables are secured by properties that have an estimated fair value in excess of the note, which was due in January 2011. Two of the three Colombian companies that have granted mortgages in such properties to secure their guaranties of such note are currently under reorganization pursuant to Colombian Law 1116. Dole is currently renegotiating with the buyer the terms of the note, including the timing of payment and the interest rate. Dole believes that based on its preference position in the reorganization, that the note will be collected.

Dole has gross long-term trade receivables of \$19.1 million for a customer in Eastern Europe, 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.



**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****Note 7 Income Taxes**

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

	2011	2010 (In thousands)	2009
<b>Current</b>			
Federal, state and local	\$ 1,293	\$ 1,809	\$ 308
Foreign	28,643	17,216	24,684
	29,936	19,025	24,992
<b>Deferred</b>			
Federal, state and local	(51,300)	4,032	(2,151)
Foreign	4,172	(74)	4,037
	(47,128)	3,958	1,886
<b>Non-current income tax expense (benefit)</b>	23,713	(9,589)	(4,194)
	\$ 6,521	\$ 13,394	\$ 22,684

Pretax income (loss) attributable to foreign operations including earnings from discontinued operations, equity method investments and noncontrolling interests were \$106.4 million, (\$18.7) million and \$208 million for the years ended December 31, 2011, January 1, 2011 and January 2, 2010, respectively. Dole has not provided for U.S. federal income and foreign withholding taxes on approximately \$2.4 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:

	2011	2010 (In thousands)	2009
Expense (benefit) computed at U.S. federal statutory income tax rate of 35%	\$ 14,926	\$ (9,702)	\$ 34,185
Foreign income taxed at different rates*	(6,637)	24,535	(16,569)
State and local income tax, net of federal income taxes	(28,381)	(323)	(6,626)
Valuation allowances	1,514	5,108	12,708
Changes in liabilities for uncertain tax positions, net of tax benefits	24,000	(6,526)	(4,036)
Non-deductible goodwill, permanent items and other	1,099	302	3,022
<b>Income tax expense</b>	\$ 6,521	\$ 13,394	\$ 22,684

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

\* Included in foreign income taxed at different rates in 2011, above, are certain immaterial corrections of prior year items related to foreign locations.

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

Deferred tax assets (liabilities) comprised the following:

	December 31, 2011	January 1, 2011
	(In thousands)	
Intangibles	\$ (276,172)	\$ (296,944)
Property, plant and equipment	(128,312)	(129,103)
Investment and other asset basis differences	4,156	11,805
Postretirement benefits	84,104	81,290
Operating accruals	56,135	57,405
Tax credit carryforwards	10,491	26,099
Net operating loss and other carryforwards	210,138	187,919
Valuation allowances	(167,842)	(195,066)
Other, net	61,628	67,767
	\$ (145,674)	\$ (188,828)

Dole has gross federal, state and foreign net operating loss carryforwards of \$301.2 million, \$820.6 million and \$236.1 million, respectively, at December 31, 2011. Dole has recorded deferred tax assets of \$106.2 million for federal net operating loss and other carryforwards, which, if unused, will expire between 2023 and 2031. Dole has recorded deferred tax assets of \$40.3 million for state operating loss carryforwards with varying expiration rules, which, if unused, approximately \$14.4 million will expire between 2012 and 2021. Dole has recorded deferred tax assets of \$0.4 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 \$63.2 million for foreign net operating loss carryforwards which are subject to varying expiration rules. Tax credit carryforwards of \$10.5 million include U.S. general business credit carryforwards of \$0.7 million which will expire between 2023 and 2031, \$0.5 million of alternative minimum tax credit carryforwards which can be carried forward indefinitely, state tax credit carryforwards of \$4.5 million of which \$0.9 million expires in 2026 and \$3.6 million can be carried forward indefinitely, and foreign minimum tax credit carryovers of \$4.8 million which will expire in 2014. Dole has recorded a U.S. deferred tax asset of \$53.3 million for disallowed interest expense which, although subject to certain limitations, can be carried forward indefinitely.

A valuation allowance has been established to offset a portion of the federal net operating loss carryforwards and certain deferred tax assets, 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 2011 for equity related items was \$2.4 million and \$2.1 million for deferred taxes acquired in the acquisition of 100% of the capital stock of HCE Corporation and its subsidiaries ( SunnyRidge ).

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

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

	December 31, 2011	January 1, 2011
	(In thousands)	
Deferred tax assets	\$ 618,126	\$ 611,191
Deferred tax asset valuation allowance	(167,842)	(195,066)
	450,284	416,125
Deferred tax liabilities	(595,958)	(604,953)
Net deferred tax liabilities	\$ (145,674)	\$ (188,828)
Total net current deferred tax assets consist of:		
Net current deferred tax assets	\$ 26,184	\$ 36,810
Net current deferred tax liabilities*	(21,539)	(9,143)
Total net current deferred tax assets	4,645	27,667
Total net non-current deferred tax liabilities consist of:		
Net non-current deferred tax assets*	31,358	27,829
Net non-current deferred tax liabilities	(181,677)	(244,324)
Total net non-current deferred tax liabilities	(150,319)	(216,495)
Total net deferred tax liabilities	\$ (145,674)	\$ (188,828)

\* Net current deferred tax liabilities are included in accrued liabilities in the consolidated balance sheet and the net non-current deferred tax assets are classified in other assets, net in the consolidated balance sheet.

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

	December 31, 2011	January 1, 2011	January 2, 2010
	(In thousands)		
Unrecognized tax benefits opening balance	\$ 106,420	\$ 109,308	\$ 115,868
Gross increases tax positions in prior period	29,275	4,807	15,444
Gross decreases tax positions in prior period	(6,184)	(1,746)	(22,721)
Gross increases tax positions in current period	9,660	1,774	3,866
Settlements*	(41,155)		(278)
Lapse of statute of limitations	(589)	(7,723)	(2,871)
Unrecognized tax benefits ending balance	\$ 97,427	\$ 106,420	\$ 109,308

\* 2011 activity represents a \$41 million reduction in gross unrecognized tax benefits due to the settlement of the federal income tax audit for the years 2002 - 2005 of which \$20 million represents a cash payment.

The total for unrecognized tax benefits, including interest and penalties, was \$108 million and \$132 million at December 31, 2011 and January 1, 2011, respectively. If recognized, approximately \$104 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. At this time, Dole believes that it is reasonably possible that the total amount of unrecognized tax benefits could decrease in 2012 by approximately \$17 million relating to transfer pricing items as a result of expiration of the statute of limitations.

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

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

tax benefits were \$10.6 million and \$25.3 million at December 31, 2011 and January 1, 2011, 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 2011, 2010 and 2009 were (\$3.9) million, (\$3) million, and \$1.7 million, 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 2006.

*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 included various proposed adjustments, including with respect to the 2003 going-private merger transactions. The IRS proposed that certain funding used in the going-private merger was taxable and that some related investment banking fees were not deductible. The net tax deficiency associated with the RAR was \$122 million, plus interest. On October 27, 2009, Dole filed a protest letter challenging the proposed adjustments contained in the RAR and pursued resolution of these issues with the IRS Appeals Division. During the quarter ended October 8, 2011, Dole reached a final settlement with the Appeals Division on all issues. As a result, Dole's total amount of unrecognized tax benefits decreased by \$41 million, of which \$20 million represents a cash payment. The tax of \$20 million was paid in the fourth quarter of 2011, along with interest of \$11 million. The matter is now closed.

**Note 8 Details of Certain Assets and Liabilities**

Details of receivables and inventories were as follows:

	December 31, 2011	January 1, 2011
	(In thousands)	
Receivables:		
Trade	\$ 537,706	\$ 596,879
Notes and other	132,678	125,856
Grower advances	39,752	41,272
Unrealized hedging gain	7,195	19,456
Income tax refund		4,335
	717,331	787,798
Allowance for doubtful accounts	(32,237)	(36,533)
	\$ 685,094	\$ 751,265
Inventories:		
Finished products	\$ 414,640	\$ 362,799
Raw materials and work in progress	131,287	119,222
Crop-growing costs	224,149	195,010
Operating supplies and other	59,441	57,935
	\$ 829,517	\$ 734,966

Accounts payable consists primarily of trade payables.

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

Accrued liabilities included the following:

	December 31, 2011	January 1, 2011
	(In thousands)	
Employee-related costs and benefits	\$ 138,189	\$ 138,584
Amounts due to growers	79,175	78,495
Unrealized losses on derivatives	70,730	31,061
Marketing and advertising	56,268	78,070
Shipping related costs	42,286	56,139
Materials and supplies	25,578	35,954
Interest	23,412	31,140
Unrealized cross currency swap		130,380
Unrealized interest rate swap		11,310
Other	104,841	51,348
	\$ 540,479	\$ 642,481

Other long-term liabilities were as follows:

	December 31, 2011	January 1, 2011
	(In thousands)	
Accrued postretirement and other employee benefits	\$ 285,067	\$ 262,263
Unrealized losses on derivatives	123,304	
Liability for unrecognized tax benefits	64,526	88,508
Other	75,594	77,705
	\$ 548,491	\$ 428,476

**Note 9 Assets Held-for-Sale and Actively Marketed Land**

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 either held-for-sale or actively marketed land.

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

	Fresh Fruit	Fresh Vegetables	Packaged Foods	Fresh-Cut Flowers Discontinued Operation	Total Assets Held-for-Sale
--	-------------	---------------------	-------------------	---	-------------------------------



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

	(In thousands)				
Balance as of January 1, 2011	\$ 74,641	\$ 599	\$ 3,214	\$ 7,596	\$ 86,050
Additions	98,247				98,247
Reclassification to actively marketed land	(54,741)				(54,741)
Sales	(51,342)			(2,573)	(53,915)
Balance as of December 31, 2011	\$ 66,805	\$ 599	\$ 3,214	\$ 5,023	\$ 75,641

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

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

	Fresh Fruit	Fresh Vegetables	Packaged Foods (In thousands)	Fresh-Cut Flowers Discontinued Operation	Total Liabilities Held-for-Sale
Balance as of January 1, 2011	\$	\$	\$	\$	\$
Additions	68,899				68,899
Sales	(19,782)				(19,782)
Balance as of December 31, 2011	\$ 49,117	\$	\$	\$	\$ 49,117

The major classes of assets and liabilities held-for-sale included in Dole's consolidated balance sheet at December 31, 2011 were as follows:

	Fresh Fruit	Fresh Vegetables	Packaged Foods (In thousands)	Fresh-Cut Flowers Discontinued Operations	Total Assets Held-for-Sale
<b>Assets held-for-sale:</b>					
Receivables	\$ 47,240	\$	\$	\$	\$ 47,240
Inventories	2,209				2,209
Prepaid expenses and other assets	269				269
Property, plant and equipment, net of accumulated depreciation	15,948	599	3,214	5,023	24,784
Other assets, net	1,139				1,139
<b>Total assets held-for-sale</b>	<b>\$ 66,805</b>	<b>\$ 599</b>	<b>\$ 3,214</b>	<b>\$ 5,023</b>	<b>\$ 75,641</b>

	Fresh Fruit	Fresh Vegetables	Packaged Foods (In thousands)	Fresh-Cut Flowers Discontinued Operations	Total Liabilities Related to Held-for-Sale
<b>Liabilities related to assets held-for-sale:</b>					
Accounts payable	\$ 45,088	\$	\$	\$	\$ 45,088
Accrued liabilities	2,179				2,179
Other long-term liabilities	1,850				1,850
<b>Total liabilities related to assets held-for-sale</b>	<b>\$ 49,117</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 49,117</b>



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

Gains on asset sales by segment for fiscal 2011, 2010 and 2009 were as follows:

	Fresh Fruit	Fresh Vegetables	Packaged Foods	Total from Continuing Operations	Discontinued Operations	Total
	(In thousands)					
2011	\$ 4,541	\$	\$	\$ 4,541	\$ 339	\$ 4,880
2010	3,017			3,017	4,143	7,160
2009	51,164	9,185	908	61,257	1,308	62,565

Proceeds from asset sales by segment for fiscal 2011, 2010 and 2009 were as follows:

	Fresh Fruit	Fresh Vegetables	Packaged Foods	Total from Continuing Operations	Discontinued Operations	Total
	(In thousands)					
2011	\$ 32,683	\$	\$	\$ 32,683	\$ 2,912	\$ 35,595
2010	26,053			26,053	13,748	39,801
2009	112,248	44,534	1,876	158,658	21,097	179,755

***Fresh Fruit***

During fiscal 2011, Dole added \$98.2 and \$68.9 million to the assets held-for-sale and liabilities related to assets held-for-sale balances, respectively. These balances primarily relate to non-core Dole subsidiaries in Germany and Dole Food España, S.A.U. ( Dole Spain ), which are part of the European ripening and distribution business within the fresh fruit segment. Dole added \$50.9 million and \$49.1 million, respectively to the assets held-for-sale and liabilities related to assets held-for-sale balances for the German subsidiary. Dole entered into an agreement to sell the German subsidiary during the fourth quarter of 2011. The sale is expected to close during the first half of 2012 subject to the satisfaction of certain conditions. The German subsidiary results of operations have not been classified into discontinued operations because Dole expects to have significant continuing involvement with the subsidiary subsequent to the sale. For Dole Spain, Dole added \$45 million and \$19.8 million, respectively to the assets held-for-sale and liabilities related to assets held-for-sale balances. During the third quarter of 2011, Dole entered into a definitive purchase and sale agreement to sell Dole Spain to a subsidiary of Compagnie Financière de Participations ( CF ), a company in which Dole holds a non-controlling 40% ownership interest. During the fourth quarter of 2011, the sale closed and Dole received cash proceeds of \$20.9 million and recorded a gain of \$1.3 million. Dole also added \$2.3 million during the fourth quarter of 2011 to assets held-for-sale, related to a warehouse located in Italy, which is part of the European ripening and distribution business.

Additionally, Dole sold land in Hawaii during 2011 for cash proceeds of \$10.5 million and recorded gains of \$3.2 million. During the fourth quarter of 2011, approximately 6,650 acres or \$54.7 million of Hawaii land was reclassified from assets held-for-sale to actively marketed land in the consolidated balance sheets. At December 31, 2011, the assets held-for-sale balance in the fresh fruit reporting segment included approximately 2,300 acres of land in Hawaii.

***Packaged Foods***

At December 31, 2011, the assets held-for-sale balance in the packaged foods reporting segment consisted of approximately 400 acres of peach orchards located in California.



**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)*****Fresh-Cut Flowers Discontinued Operation***

At December 31, 2011, the assets held-for-sale balance in the fresh-cut flowers discontinued operation consisted of a portion of the real estate of the former flowers divisions. During the second quarter of 2011, Dole sold a warehouse located in Miami, Florida to the buyer of the flowers business. In addition, Dole sold a farm in Colombia. Related to these sales, Dole received cash proceeds of \$2.9 million and recorded a gain of \$0.3 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 December 31, 2011.

***Actively Marketed Land***

Included in actively marketed land is land that does not meet Dole's future strategic direction or internal economic return criteria. The land that has been identified is available for sale in its present condition and an active program is underway to sell the properties. Dole is actively marketing these properties at a price that is in excess of book value but the timing of sale is uncertain.

During fiscal 2011, Dole added approximately 14,200 acres of Hawaii land with a net book value of \$74.8 million to actively marketed land. Of these additions, 6,650 acres with a net book value of \$54.7 million were reclassified from assets held-for-sale and the remaining 7,550 acres with a net book value of \$20.1 million were reclassified from property, plant and equipment.

**Note 10 Property, Plant and Equipment**

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

	December 31, 2011	January 1, 2011
	(In thousands)	
Land and land improvements	\$ 484,805	\$ 482,368
Buildings and leasehold improvements	417,619	409,382
Machinery and equipment	853,127	830,415
Vessels and containers	156,356	168,842
Vessels and equipment under capital leases	85,987	90,196
Construction in progress	63,139	79,288
	2,061,033	2,060,491
Accumulated depreciation	(1,150,304)	(1,117,461)
	\$ 910,729	\$ 943,030

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

	Years
Land improvements	3 to 40
Buildings and leasehold improvements	2 to 50
Machinery and equipment	3 to 20
Vessels and containers	5 to 20

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

Vessels and equipment under capital leases

Shorter of useful life  
or life of lease

79

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

Depreciation expense on property, plant and equipment for continuing operations totaled \$99.5 million, \$110.4 million and \$115.8 million for the years ended December 31, 2011, January 1, 2011 and January 2, 2010, respectively. There was no depreciation expense on property, plant and equipment for discontinued operations for the years ended December 31, 2011, January 1, 2011 and January 2, 2010.

**Note 11 Goodwill and Intangible Assets**

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

	Fresh Fruit	Fresh Vegetables	Packaged Foods	Total
	(In thousands)			
Balance as of January 2, 2010 and January 1, 2011	\$ 275,430	\$ 71,206	\$ 60,611	\$ 407,247
Additions	1,313	12,302		13,615
Disposals	(4,000)			(4,000)
Balance as of December 31, 2011	\$ 272,743	\$ 83,508	\$ 60,611	\$ 416,862

On October 11, 2011, Dole completed the acquisition of 100% of the capital stock of SunnyRidge in accordance with the Agreement and Plan of Merger, dated October 11, 2011. The acquisition resulted in goodwill of \$12.3 million. Refer to Note 24 Acquisition for further information.

During the fourth quarter of 2011, Dole Spain was sold to a subsidiary of CF. As a result of the sale, \$4 million of goodwill associated with Dole Spain was written-off. Refer to Note 9 Assets-Held-For-Sale for further information.

During the fourth quarter of 2011, Dole completed the acquisition of FaFi Fresh Cuts Oy ( FAFI ), a manufacturer of ready-for-use produce. FAFI is part of the European ripening and distribution business within the fresh fruit segment. The acquisition resulted in goodwill of \$1.3 million.

Details of Dole's intangible assets were as follows:

	December 31, 2011	January 1, 2011
	(In thousands)	
Amortizable intangible assets:		
Customer relationships	\$ 59,501	\$ 38,501
Other amortizable intangible assets	15,231	2,064
	74,732	40,565
Accumulated amortization - customer relationships	(31,755)	(27,605)
Other accumulated amortization	(579)	(1,494)
Accumulated amortization - intangible assets	(32,334)	(29,099)
Amortizable intangible assets, net	42,398	11,466
Indefinite-lived intangible assets:		
Trademark and trade names	689,615	689,615



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

Total identifiable intangible assets, net	\$ 732,013	\$ 701,081
---	------------	------------

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

Amortization expense of intangibles totaled \$4.5 million, \$3.8 million and \$3.8 million for the years ended December 31, 2011, January 1, 2011 and January 2, 2010, respectively.

As of December 31, 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>
2012	\$ 7,280
2013	\$ 5,451
2014	\$ 4,795
2015	\$ 4,795
2016	\$ 4,319

Dole performed its annual impairment test of goodwill and indefinite-lived intangible assets during the second quarter of fiscal 2011. 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.

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

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

	<b>December 31, 2011</b>	<b>January 1, 2011</b>
	<b>(In thousands)</b>	
<b>Unsecured debt:</b>		
8.75% debentures due 2013	\$ 155,000	\$ 155,000
<b>Secured debt:</b>		
13.875% notes due 2014	174,904	227,437
8% notes due 2016	315,000	315,000
Revolving credit facility	69,300	
Term loan facilities	895,500	829,829
Contracts and notes, at a weighted average interest rate of 3.8% in 2011 (4.1% in 2010) through 2018	7,294	9,070
Capital lease obligations, at a weighted average interest rate of 3.0% in 2011 (2.6% in 2010)	57,000	59,552
Notes payable, at a weighted average interest rate of 3.1% in 2011 (3.5% in 2010)	27,969	31,922
Unamortized debt discounts	(22,130)	(24,215)
	1,679,837	1,603,595
Current maturities, net of unamortized debt discounts	(38,725)	(39,270)
	\$ 1,641,112	\$ 1,564,325

**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 December 31, 2011 consist primarily of foreign borrowings in Asia.



---

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

***2011 Refinancing***

Dole's term loan and the asset-based lending senior secured revolving credit facility ( ABL revolver ) were amended and restated on July 8, 2011 ( 2011 Refinancing ). The amendments reduced borrowing rates on the ABL revolver, with an opportunity to also reduce future borrowing rates on the term loan and eliminated the financial maintenance covenants of total leverage ratio and minimum interest coverage ratio (such covenants had been in the previous term loan facilities, but not the revolving credit facility). The amended credit facilities provided \$900 million of term debt due 2018 and a \$350 million revolving credit facility due 2016.

***Notes and Debentures***

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 the 2014 Notes 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.

During the third quarter of 2011, Dole repurchased and retired \$52.5 million of the 2014 Notes. As a result of the repurchases, Dole recorded a charge of approximately \$13.5 million to other income (expense), net. This charge relates to premiums paid in connection with the early debt retirement as well as the write-off of deferred debt issuance costs and debt discounts.

On September 25, 2009, Dole completed the sale and issuance of \$315 million aggregate principal amount of 8% Senior Secured Notes due 2016 ( 2016 Notes ) 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 semi-annually 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 100% owned domestic subsidiaries. Refer to Note 25 Guarantor Financial Information.

***Term Loans and Revolving Credit Facility***

As of December 31, 2011, the term loan facilities consisted of \$313.4 million of Term Loan B and \$582.1 million of Term Loan C. The term loan facilities bear interest, at Dole's option, at a rate per annum equal

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

to either (i) the London Interbank Offer Rate ( LIBOR ) plus 3.75%, with a LIBOR floor of 1.25%; or (ii) a base rate plus 2.75%. Interest on the term loan facilities is payable quarterly in arrears or at maturity of LIBOR contracts. The weighted average variable interest rate at December 31, 2011 for Term Loan B and Term Loan C was 5.03%. The term loan facilities require quarterly principal payments, plus a balloon payment due in 2018.

As of December 31, 2011, there was \$69.3 million outstanding under the asset-based lending senior secured revolving credit facility ( ABL revolver ). Amounts outstanding under the ABL revolver bear interest, at Dole s option, at a rate per annum equal to either (i) LIBOR plus 1.75% to 2.25%, or (ii) a base rate plus 0.75% to 1.25%, in each case, based upon Dole s historical borrowing availability under this facility. As of December 31, 2011, the borrowing base for the ABL revolver was \$315.4 million. After taking into account approximately \$101 million of outstanding letters of credit issued under the ABL revolver and the outstanding ABL balance, Dole had approximately \$145.1 million available for borrowings as of December 31, 2011. The ABL revolver matures in 2016.

***Capital Lease Obligations***

At December 31, 2011 and January 1, 2011, included in capital lease obligations were \$54.3 million and \$57 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 lease payments. The interest rates on these leases are based on LIBOR plus a spread. The remaining \$2.7 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 \$57 million. These leases expire in 2026.

***Covenants***

Provisions under the amended 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, liens, 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 (i) \$35 million and (ii) 12.5% of the lesser of the Total Commitment (as defined) and the borrowing base. To date, the springing covenant has never been effective and Dole does not currently anticipate that the springing covenant will become effective. At December 31, 2011, Dole was in compliance with all applicable covenants.

A breach of a covenant or other provision in any debt instrument governing Dole s 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 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.

***Debt Issuance Costs***

In connection with the 2011 Refinancing, Dole incurred debt issuance costs of \$13 million. During 2010, Dole incurred debt issuance costs of \$17 million related to the amendments of the senior secured credit facilities.

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

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 years ended December 31, 2011, January 1, 2011 and January 2, 2010, Dole amortized deferred debt issuance costs of \$5.8 million, \$6.6 million and \$5.5 million, respectively.

As a result of the 2011 Refinancing, Dole recorded a charge of \$12.7 million to other income (expense), net. The charge relates to fees incurred in connection with the refinancing as well as the write-off of debt issuance costs and debt discounts.

During 2010, Dole wrote off \$4.6 million of deferred debt issuance costs 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 charge was recorded in other income (expense), net for the year ended January 1, 2011.

During 2009, Dole wrote off \$18.1 million of deferred debt issuance costs 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 for the year ended January 2, 2010.

Debt discounts on term loan facilities in connection with the 2011 Refinancing were \$6.8 million. Debt discounts on term loan facilities in connection with 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 years ended December 31, 2011, January 1, 2011 and January 2, 2010, Dole amortized debt discounts of \$5.0 million, \$4.7 million and \$3.1 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.

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

	December 31, 2011		January 1, 2011	
	Carrying Values	Estimated Fair Values	Carrying Values	Estimated Fair Values
	(In thousands)			
Secured and unsecured notes and debentures	\$ 633,970	\$ 694,314	\$ 680,674	\$ 774,873
Term loans	884,304	888,784	822,377	844,351

Carrying values are net of debt discounts.

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)*****Maturities of Notes Payable and Long-Term Debt***

Maturities with respect to notes payable and long-term debt as of December 31, 2011 were as follows (in thousands):

<b>Fiscal Year</b>	<b>Amount</b>
2012	\$ 38,725
2013	162,325
2014	184,217
2015	11,784
2016	394,300
Thereafter	888,486
<b>Total</b>	<b>\$ 1,679,837</b>

***Other***

In addition to amounts available under the revolving credit facility, Dole's subsidiaries have uncommitted lines of credit of approximately \$105.1 million at various local banks, of which \$72.4 million was available at December 31, 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 2012, 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 approximately 125 employees who continue to earn benefits under the terms of collective bargaining agreements at December 31, 2011.

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

***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 have been larger contributions since 2009, with the goal of





**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

being fully funded in the next several years. 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 \$11.4 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, 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. The reduction in benefit obligation is recognized in OPRB expense by a credit of approximately \$2.7 million a year from 2009 through 2016. This credit is reflected in the table of OPRB expense below in the negative amortization of net prior service benefit.

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

**Obligations and Funded Status** The status of Dole's defined benefit pension and OPRB plans was as follows:

	U.S. Pension Plans		International Pension Plans		OPRB Plans	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	December 31, 2011	January 1, 2011	December 31, 2011	January 1, 2011	December 31, 2011	January 1, 2011
	(In thousands)					
Change in projected benefit obligation:						
Benefit obligation at beginning of period	\$ 308,051	\$ 296,675	\$ 104,036	\$ 95,512	\$ 42,037	\$ 42,133
Service cost	186	197	6,804	5,988	75	82
Interest cost	14,818	15,677	7,051	7,015	2,122	2,343
Plan amendments and other			1,294	1,217	1,778	
Foreign currency exchange rate changes			(973)	2,856		
Actuarial (gain) loss	4,846	17,857	15,627	13,784	791	1,289
Curtailements, settlements and terminations, net			(7,111)	(10,444)		
Benefits paid	(22,180)	(22,355)	(8,403)	(11,892)	(4,220)	(3,810)
Benefit obligation at end of period	\$ 305,721	\$ 308,051	\$ 118,325	\$ 104,036	\$ 42,583	\$ 42,037
Change in plan assets:						
Fair value of plan assets at beginning of period	\$ 194,655	\$ 182,692	\$ 5,270	\$ 4,428	\$	\$
Actual return on plan assets	(3,173)	20,302	474	587		
Company contributions	16,534	14,016	16,304	21,601	4,220	3,810
Foreign currency exchange rate changes			(9)	255		
Benefits paid	(22,180)	(22,355)	(8,403)	(11,892)	(4,220)	(3,810)
Settlements			(7,901)	(9,709)		
Fair value of plan assets at end of period	\$ 185,836	\$ 194,655	\$ 5,735	\$ 5,270	\$	\$
Funded status	\$ (119,885)	\$ (113,396)	\$ (112,590)	\$ (98,766)	\$ (42,583)	\$ (42,037)
Amounts recognized in the Consolidated Balance Sheets:						
Current liabilities	\$ (2,786)	\$ (2,515)	\$ (8,762)	\$ (7,595)	\$ (3,918)	\$ (4,051)
Long-term liabilities	(117,099)	(110,881)	(103,828)	(91,171)	(38,665)	(37,986)
	\$ (119,885)	\$ (113,396)	\$ (112,590)	\$ (98,766)	\$ (42,583)	\$ (42,037)

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

Amounts recognized in accumulated other comprehensive loss were as follows:

	U.S. Pension Plans		International Pension Plans		OPRB Plans	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	December 31, 2011	January 1, 2011	December 31, 2011	January 1, 2011	December 31, 2011	January 1, 2011
	(In thousands)					
Net actuarial loss (gain)	\$ 121,868	\$ 104,090	\$ 23,262	\$ 12,980	\$ (2,051)	\$ (2,798)
Prior service cost (benefit)			3,495	3,989	(15,707)	(19,231)
Net transition obligation			5	6		
Income taxes	(42,795)	(35,709)	(2,076)	(1,696)	8,707	10,205
<b>Total</b>	<b>\$ 79,073</b>	<b>\$ 68,381</b>	<b>\$ 24,686</b>	<b>\$ 15,279</b>	<b>\$ (9,051)</b>	<b>\$ (11,824)</b>

All of Dole's pension plans were underfunded at December 31, 2011, having accumulated benefit obligations exceeding the fair value of plan assets. The accumulated benefit obligation for all defined benefit pension plans was \$392.0 million and \$386.1 million at December 31, 2011 and January 1, 2011, 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:

	December 31, 2011	January 1, 2011
	(In thousands)	
Projected benefit obligation	\$ 424,046	\$ 412,087
Accumulated benefit obligation	\$ 391,993	\$ 386,129
Fair value of plan assets	\$ 191,571	\$ 199,925

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

	U.S. Pension Plans			International Pension Plans		
	Year Ended December 31, 2011	Year Ended January 1, 2011	Year Ended January 2, 2010	Year Ended December 31, 2011	Year Ended January 1, 2011	Year Ended January 2, 2010
	(In thousands)					
Components of net periodic benefit cost:						
Service cost	\$ 186	\$ 197	\$ 166	\$ 6,804	\$ 5,988	\$ 6,306
Interest cost	14,818	15,677	17,246	7,051	7,015	7,468
Expected return on plan assets	(16,377)	(16,356)	(16,892)	(453)	(454)	(428)
Amortization of:						
Net loss	6,617	3,853	268	906	463	569
Prior service cost				422	697	333
Net transition obligation				2	25	49
Curtailments, settlements and terminations, net				1,705	2,099	458
Restructuring related settlements and other				3,575	5,449	
	\$ 5,244	\$ 3,371	\$ 788	\$ 20,012	\$ 21,282	\$ 14,755
Other changes recognized in other comprehensive loss:						
Net loss (gain)	\$ 24,395	\$ 13,911	\$ 19,916	\$ 14,640	\$ 13,597	\$ (855)
Prior service cost					1,217	376
Amortization of:						
Net loss (gain)	(6,617)	(3,853)	(268)	(4,205)	(8,415)	(3,176)
Prior service cost				(496)	(1,028)	(333)
Transition obligation				(2)	(25)	(49)
Foreign currency adjustment				(150)	209	66
Income taxes	(7,086)		(7,815)	(380)	(1,019)	(93)
Total recognized in other comprehensive loss	\$ 10,692	\$ 10,058	\$ 11,833	\$ 9,407	\$ 4,536	\$ (4,064)
Total recognized in net periodic benefit cost and other comprehensive loss, net of income taxes	\$ 15,936	\$ 13,429	\$ 12,621	\$ 29,419	\$ 25,818	\$ 10,691

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

	Year Ended December 31, 2011	OPRB Plans Year Ended January 1, 2011 (In thousands)	Year Ended January 2, 2010
<b>Components of net periodic benefit cost:</b>			
Service cost	\$ 75	\$ 82	\$ 143
Interest cost	2,122	2,343	2,632
Amortization of:			
Net loss (gain)	67	(117)	(506)
Prior service benefit	(3,524)	(3,524)	(3,491)
Restructuring related settlements and other	1,778		
	\$ 518	\$ (1,216)	\$ (1,222)
<b>Other changes recognized in other comprehensive loss:</b>			
Net loss (gain)	\$ 813	\$ 1,208	\$ 3,461
Prior service benefit			(739)
Amortization of:			
Net loss (gain)	(66)	117	506
Prior service benefit	3,524	3,524	3,491
Income taxes	(1,498)		(3,055)
Total recognized in other comprehensive loss	\$ 2,773	\$ 4,849	\$ 3,664
Total recognized in net periodic benefit cost and other comprehensive loss, net of income taxes	\$ 3,291	\$ 3,633	\$ 2,442

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 \$10.3 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 \$3.4 million of income.

**Assumptions**

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

	U.S. Pension Plans		International Pension Plans		OPRB Plans	
	2011	2010	2011	2010	2011	2010
Discount rate	4.72%	5.00%	6.51%	7.06%	5.13%	5.22%
Rate of compensation increase			5.01%	5.24%		

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

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

	U.S. Pension Plans			International Pension Plans			OPRB Plans		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Discount rate	5.00%	5.50%	6.75%	7.06%	7.70%	8.30%	5.22%	5.85%	7.03%
Compensation increase			2.50%	4.73%	5.37%	6.00%			
Rate of return on plan assets	8.00%	8.00%	8.00%	8.50%	10.00%	10.00%			

**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. No rate of compensation increase is shown for U.S. Plans because benefits under the U.S. plans are frozen except for a group of approximately 125 employees whose benefits are negotiated under collective bargaining agreements. The assumption for the rate of compensation increase for these employees reflects the rate negotiated in those bargaining agreements.

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:

	2012	2011
Health care costs trend rate assumed for next year	7.5%	7.5%
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	2017	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:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
	(In thousands)	
Increase (decrease) in service and interest cost	\$ 96	\$ (83)
Increase (decrease) in postretirement benefit obligation	\$ 2,035	\$ (1,753)

**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:

Asset Class	Target Allocation
Fixed income securities	50%
Equity securities	49%
Private equity	1%

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

Asset Class	Plan Assets at
-------------	----------------

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

	<b>December 31, 2011</b>	<b>January 1, 2011</b>
Fixed income securities	50%	41%
Equity securities	49%	55%
Private equity	1%	4%
Total	100%	100%



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

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.

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 December 31, 2011 and January 1, 2011.

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 December 31, 2011, the average remaining service period used to amortize unrecognized actuarial gains (losses) for its domestic plans was approximately 9 years.

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

During 2011, Dole contributed \$14.7 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 \$17.1 million to its U.S. qualified plan in 2012. 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 \$18.4 million of contributions related to its other U.S. and foreign pension and OPRB plans in 2012.

The following table presents estimated future benefit payments:

Fiscal Year	U.S. Pension Plans	International	
		Pension Plans (In thousands)	OPRB Plans
2012	\$ 23,478	\$ 11,692	\$ 3,918
2013	22,678	10,998	3,868
2014	22,275	11,435	3,798
2015	22,013	11,286	3,726
2016	21,866	10,919	3,629
2017-2021	104,363	59,635	16,397
<b>Total</b>	<b>\$ 216,673</b>	<b>\$ 115,965</b>	<b>\$ 35,336</b>



**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****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 totaled \$10.1 million, \$6.5 million and \$6.5 million in the years ended December 31, 2011, January 1, 2011 and January 2, 2010, respectively.

**Multi-Employer Plans**

Dole is also party to various industry-wide collective bargaining agreements that provide pension benefits. Total contributions to multi-employer foreign benefit plans for eligible participants were approximately \$1.1 million, \$1.3 million and \$1.3 million in the years ended December 31, 2011, January 1, 2011 and January 2, 2010, respectively.

The following table presents details for Dole's U.S. multi-employer defined benefit plan:

Pension Plan	EIN/Pension Plan Number	Pension Protection Act Zone Status		Contributions			Expiration Collective Bargaining Agreement
		Fiscal 2011	Fiscal 2010	December 31, 2011	January 1, 2011	January 2, 2010	
Western Conference of Teamsters Pension Plan	91-6145047-001	Not critical	Not critical	\$ 779	\$ 685	\$ 845	9/15/2014

**Note 14 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 before discontinued operations is calculated from net income by adding interest expense and income tax expense, and subtracting income from discontinued operations, net of income taxes, and gain on disposal of discontinued 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 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 similarly titled measures computed by other companies, because not all companies calculate EBIT in the same manner.

During the fourth quarter of 2011, Dole changed the segment classification of its Asia fresh vegetables operations from the fresh vegetables operating segment to the fresh fruit operating segment, which change aligns segment classification with operational reporting. The segment reporting change has been reflected for all periods presented.

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

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 2011, 2010 and 2009.

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

**Results of Operations:**

	2011	2010 (In thousands)	2009
Revenues from external customers:			
Fresh fruit	\$ 5,023,855	\$ 4,792,544	\$ 4,775,489
Fresh vegetables	1,002,247	977,990	959,961
Packaged foods	1,197,106	1,121,417	1,041,853
Corporate	628	663	1,218
	\$ 7,223,836	\$ 6,892,614	\$ 6,778,521
Fresh fruit EBIT	\$ 172,158	\$ 117,693	\$ 300,645
Fresh vegetables EBIT	31,355	34,328	14,067
Packaged foods EBIT	96,451	106,960	105,491
Total operating segments EBIT	299,964	258,981	420,203
Corporate:			
Unrealized loss on cross currency swap	(3,787)	(67,257)	(21,051)
Net loss on long-term Japanese yen hedges	(20,380)		
Net unrealized loss on foreign denominated instruments	(1,724)	(3,173)	(612)
Share-based compensation	(5,808)	(4,533)	(624)
Write-off of debt issuance costs and refinancing fees	(12,759)	(4,650)	(5,601)
Loss on early retirement of notes	(13,453)		
Debt retirement costs in connection with initial public offering			(30,551)
Operating and other expenses	(51,447)	(35,776)	(48,279)
Corporate	(109,358)	(115,389)	(106,718)
Interest expense	(142,430)	(163,950)	(205,715)
Income taxes	(6,521)	(13,394)	(22,684)
Income (loss) from continuing operations	41,655	(33,752)	85,086
Income from discontinued operations, net of income taxes	(201)	629	1,639
Gain from disposal of discontinued operations, net of income taxes	339	2,957	1,308
Net income (loss)	\$ 41,793	\$ (30,166)	\$ 88,033

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

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

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.

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

	December 31, 2011	January 1, 2011 (In thousands)	January 2, 2010
<b>Total assets:</b>			
Fresh fruit	\$ 2,129,910	\$ 2,159,657	\$ 2,174,786
Fresh vegetables	487,840	392,940	386,897
Packaged foods	743,447	678,929	645,349
<b>Total operating segments</b>	<b>3,361,197</b>	<b>3,231,526</b>	<b>3,207,032</b>
Corporate	903,851	1,017,868	887,352
Discontinued operations	5,023	7,596	12,639
	<b>\$ 4,270,071</b>	<b>\$ 4,256,990</b>	<b>\$ 4,107,023</b>

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

	2011	2010 (In thousands)	2009
<b>Depreciation and amortization:</b>			
Fresh fruit	\$ 58,043	\$ 69,203	\$ 74,678
Fresh vegetables	21,337	20,762	19,628
Packaged foods	22,848	22,172	22,898
<b>Total operating segments</b>	<b>102,228</b>	<b>112,137</b>	<b>117,204</b>
Corporate	1,693	2,102	2,368
	<b>\$ 103,921</b>	<b>\$ 114,239</b>	<b>\$ 119,572</b>
<b>Capital additions:</b>			
Fresh fruit	\$ 38,002	\$ 41,951	\$ 26,757
Fresh vegetables	10,080	22,387	11,762
Packaged foods	28,891	34,877	10,304
<b>Total operating segments</b>	<b>76,973</b>	<b>99,215</b>	<b>48,823</b>
Corporate	332	643	1,914
	<b>\$ 77,305</b>	<b>\$ 99,858</b>	<b>\$ 50,737</b>

Dole's revenues from external customers by country/region were as follows:

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

	2011	2010 (In thousands)	2009
Revenues from external customers:			
United States	\$ 3,044,800	\$ 2,853,927	\$ 2,831,296
Japan	801,995	745,251	793,539
Sweden	503,667	469,929	456,512
Germany	483,198	481,611	447,961
Canada	347,498	344,070	311,070
Korea	196,487	169,998	139,593
China	149,243	109,375	75,539
Other Euro zone countries	715,852	740,561	743,851
Other international	981,096	977,892	979,160
	<b>\$ 7,223,836</b>	<b>\$ 6,892,614</b>	<b>\$ 6,778,521</b>

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

No individual country in the Other international category above had revenues from external customers that were in excess of 5% of consolidated revenues.

Dole's tangible long-lived assets by country/region were as follows:

	December 31, 2011	January 1, 2011 (In thousands)	January 2, 2010
Tangible long-lived assets:			
United States	\$ 598,843	\$ 504,241	\$ 494,178
Oceangoing assets	80,959	92,929	131,535
Philippines	176,944	156,542	153,200
Costa Rica	73,060	79,687	83,299
Honduras	72,023	73,780	74,682
Chile	25,969	25,878	25,869
Ecuador	47,284	55,221	57,838
Other international	136,300	157,790	144,684
	\$ 1,211,382	\$ 1,146,068	\$ 1,165,285

**Note 15 Operating Leases and Other Commitments**

In addition to obligations recorded on Dole's Consolidated Balance Sheet as of December 31, 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 \$166.1 million, \$185.9 million and \$199.6 million (net of sublease income of \$17.4 million, \$16.3 million and \$14.7 million) for the years ended December 31, 2011, January 1, 2011 and January 2, 2010, 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.

As of December 31, 2011, Dole's non-cancelable minimum lease commitments, including the residual value guarantee, before sublease income, were as follows (in thousands):

Fiscal Year	Amount
2012	\$ 97,235
2013	104,470
2014	56,405
2015	36,966
2016	19,570
Thereafter	72,389
<b>Total</b>	<b>\$ 387,035</b>



Total expected future sublease income expected to be earned over 7 years is \$27.7 million.

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

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 \$667.6 million, \$637.3 million and \$563.1 million for the years ended December 31, 2011, January 1, 2011, and January 2, 2010, respectively.

At December 31, 2011, aggregate future payments under such purchase commitments (based on December 31, 2011 pricing and volumes) were as follows (in thousands):

<b>Fiscal Year</b>	<b>Amount</b>
2012	\$ 593,704
2013	249,679
2014	220,383
2015	137,414
2016	30,820
Thereafter	45,065
<b>Total</b>	<b>\$ 1,277,065</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 2014. Prices under these agreements are generally tied to prevailing market rates. Purchases under these contracts for the years ended December 31, 2011, January 1, 2011 and January 2, 2010 were approximately \$199 million, \$190.4 million and \$168.9 million, respectively.

Under these contracts, Dole was committed at December 31, 2011 to purchase packing supplies, assuming current price levels, as follows (in thousands):

<b>Fiscal Year</b>	<b>Amount</b>
2012	\$ 208,598
2013	124,539
2014	7,539
<b>Total</b>	<b>\$ 340,676</b>

Dole has numerous collective bargaining agreements with various unions covering approximately 36% of Dole's hourly full-time and seasonal employees. Of the unionized employees, 32% are covered under a collective bargaining agreement that will expire within one year and the remaining 68% 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 16 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 some of these exposures. Dole's objective is to

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

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.

---

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

***Cash Flow Hedges***

A majority of Dole's foreign currency derivative instruments are designated as cash flow hedges. Specifically, Dole designated a majority of its foreign currency exchange 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 accompanying 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.

***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 that matured June 16, 2011.

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 were recorded in interest expense. The unrealized loss in accumulated other comprehensive income (AOCI) was recognized into interest expense through the June 2011 maturity as the underlying Term Loan C interest payments were made.

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. The cross currency swap was scheduled to mature in June 2011. During 2009, Dole entered into a collateral arrangement which required Dole to provide collateral to its counterparties when the fair market value of the cross currency and interest rate swaps exceeded a combined liability of \$35 million.

During the first quarter of 2011, Dole entered into a transaction to effectively unwind the cross currency swap by refinancing its obligation under the cross currency swap and entering into a series of long-term Japanese yen hedges that mature through December 2014. As a result of the unwind of the cross currency swap, the collateral arrangement with the counterparties was no longer required. The long-term Japanese yen hedges require Dole to buy U.S. Dollars and sell Japanese yen at an exchange rate of ¥101.3. At inception, these contracts were in a liability position and the total notional amount outstanding of the long-term Japanese yen hedges was \$596.3 million. The value of these contracts will fluctuate based on changes in the exchange rate over the life of the individual forward contracts.

Dole has designated the long-term Japanese yen forward contracts as cash flow hedges of its forecasted Japanese yen revenue stream. Due to the fact that there is a significant financing element present at the inception of the long-term Japanese yen hedges, the cash inflows or outflows associated with settlement of these contracts are included within the financing activities in Dole's consolidated statement of cash flows. A portion of the long-term Japanese yen hedges are deemed ineffective. With respect to this portion, changes in the fair value of the hedges are recorded in other income (expense) in the consolidated statement of operations, because the ineffectiveness is considered to be caused by the financing element of this instrument.

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

At December 31, 2011, the gross notional amounts of Dole's derivative instruments are as follows:

	Average Strike Price	Notional Amount
(In thousands, except average strike price)		
<b>Derivatives designated as cash flow hedging instruments:</b>		
Foreign currency hedges (buy/sell):		
U.S. dollar/Japanese yen	JPY 100.96	\$ 589,390
Thai baht/U.S. dollar	THB 30.90	186,298
Philippine peso/U.S. dollar	PHP 42.63	88,753
U.S. dollar/Euro	EUR 1.41	66,732
Chilean peso/U.S. dollar	CLP 501.21	19,624
<b>Derivatives not designated as hedging instruments:</b>		
Foreign currency hedges (buy/sell):		
South African rand/Euro	ZAR 11.45	2,871
British pound sterling /U.S. dollar	GBP 1.55	2,157
South African rand/U.S. dollar	ZAR 8.42	900
South African rand/ British pound sterling	ZAR 13.17	809
Bunker fuel hedges	\$562	28,000
	(per metric ton)	(metric tons)

The following table presents the derivative assets (liabilities) at fair value for derivatives designated as cash flow hedging investments:

	Balance Sheet Classification	December 31, 2011	January 1, 2011
(In thousands)			
<b>Assets:</b>			
Foreign currency exchange contracts	Receivables, net	\$ 5,427	\$ 16,961
		5,427	16,961
<b>Liabilities:</b>			
Foreign currency exchange contracts	Accrued liabilities	(70,730)	(31,061)
	Other long-term liabilities	(123,304)	
		(194,034)	(31,061)
Total derivatives designated as cash flow hedging instruments		\$ (188,607)	\$ (14,100)

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

The following table presents the derivative assets (liabilities) at fair value for derivatives not designated as cash flow hedging investments:

	Balance Sheet Classification	December 31, 2011	January 1, 2011
(In thousands)			
<i>Assets:</i>			
Foreign currency exchange contracts	Receivables, net	\$ 205	\$ 908
Cross currency swap	Receivables, net		1,584
Bunker fuel hedges	Receivables, net	1,563	1,587
		1,768	4,079
<i>Liabilities:</i>			
Cross currency swap	Accrued liabilities		(130,380)
Interest rate swap	Accrued liabilities		(11,310)
			(141,690)
Total derivatives not designated as hedging instruments		\$ 1,768	\$ (137,611)

Settlement of the foreign currency hedges will occur during 2012 through 2014 and settlement of the bunker fuel hedges will occur during 2012.

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 statements of operations for the years ended December 31, 2011 and January 1, 2011 were as follows:

	December 31, 2011	Gains (Losses) Recognized in AOCI During Year Ended January 1, 2011	January 2, 2010
(In thousands)			
Interest rate swap	\$	\$ 680	\$ (3,593)
Foreign currency hedges <sup>(1)</sup>	(48,533)	(13,416)	

Classification in Statement of Operations	December 31, 2011	Gains (Losses) Reclassified Into Income During Year Ended January 1, 2011	January 2, 2010	Gains (Losses) Recognized in Income due to Hedge Ineffectiveness or amounts Excluded from Effectiveness Testing During Year Ended		
				December 31, 2011	January 1, 2011	January 2, 2010

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

		(In thousands)					
Interest rate swap	Interest expense	\$ (6,644)	\$ (13,802)	\$ (11,597)	\$	\$	\$
Foreign currency hedges <sup>(1)</sup>	Cost of products sold	(24,826)	4,365		65	3,507	
	Other income						
	(expense), net				6,343		

(1) Amounts related to the long-term Japanese yen hedges have been included in this line item.

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

Unrealized gains and losses on the interest rate swap were recorded through AOCI through the de-designation date. Amounts included in AOCI as of the de-designation date were being amortized into interest expense as the quarterly payments are made through maturity of the interest rate swap in June 2011. Unrecognized losses of \$16.7 million related to the foreign currency hedges are expected to be realized into earnings in the next twelve months.

Net gains (losses) on derivatives not designated as hedging instruments, or prior to being designated as derivative instruments for the years ended December 31, 2011, January 1, 2011 and January 2, 2010 were as follows:

	Classification in	December 31,	January 1,	January 2,
	Statement of Operations	2011	2011 (In thousands)	2010
Foreign currency exchange contracts	Cost of products sold	\$ (1,146)	\$ 829	\$ 6,699
Bunker fuel contracts	Cost of products sold	4,648	1,356	4,430
Foreign currency exchange contracts	Other income (expense), net	2		
Cross currency swap	Other income (expense), net	(1,902)	(58,776)	(11,669)
Long-term Japanese yen hedges	Other income (expense), net	(26,723)		
Interest rate swap	Interest expense	(16)	(174)	
<b>Total</b>		<b>\$ (25,137)</b>	<b>\$ (56,765)</b>	<b>\$ (540)</b>

**Note 17 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, derivatives, 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.

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. 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:

	<b>Fair Value Measurements Using Significant Other Observable Inputs (Level 2)</b>	
	<b>December 31, 2011</b>	<b>January 1, 2011</b>
	<b>(In thousands)</b>	
<i>Assets:</i>		
Foreign currency exchange contracts	\$ 5,632	\$ 17,869
Bunker fuel contracts	1,563	1,587
	\$ 7,195	\$ 19,456
<i>Liabilities:</i>		
Foreign currency exchange contracts	\$ (194,034)	\$ (31,061)
Interest rate swap		(11,310)
Cross currency swap, net		(128,796)
	\$ (194,034)	\$ (171,167)

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 December 31, 2011 which reduced the derivative liability balances. The credit valuation adjustment was \$10.5 million at December 31, 2011. The net change in the credit valuation adjustment resulted in an unrealized gain of \$8.1 million during the year ended December 31, 2011, which was recorded as other income (expense). The credit valuation adjustment was \$0.5 million at January 1, 2011 which reduced the derivative liability balances. In addition a \$1.9 million unrealized gain was recorded in AOCI. 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.

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.

During 2011 and 2010, respectively, \$6.2 million and \$4.8 million of assets were written down to their estimated fair value of \$0 based on level 3 inputs.

The goodwill and indefinite-lived intangible asset impairment analysis were performed by Dole during 2011 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,



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

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.

***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:

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	December 31, 2011
	(In thousands)			
Cash and cash equivalents	\$ 508	\$	\$	\$ 508
Corporate debt instruments		3,462		3,462
Common stock	973			973
Interest in registered investment companies	27,106			27,106
Common collective trusts		87,678	1,439	89,117
Interests in limited partnerships			365	365
Interest in 103-12 investment companies		50,740	7,351	58,091
Unallocated annuity contracts			11,149	11,149
Preferred stock and other		800		800
Total	\$ 28,587	\$ 142,680	\$ 20,304	\$ 191,571

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

	Fair Value Measurements at Reporting Date Using			January 1, 2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)				
					(In thousands)		
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 (from) 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>			

The table below sets forth a summary of changes in the fair value of the plan's Level 3 assets for the year ended December 31, 2011:

	Fair Value Measurements Using significant Unobservable Inputs (Level 3)				Total
	Common Collective Trusts	Interest in Limited Trusts	Unallocated Annuity Contracts (In thousands)	Interest in 103-12 Investment Companies	
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					
Beginning balance January 1, 2011	1,652	4	10,762	14,534	26,952
Net realized and unrealized gains/(losses)	171			(1,866)	(1,695)
Net purchases, issuances and settlements	(384)		387	(5,317)	(5,314)
Net transfer in or (out) of Level 3		361			361
Ending balance December 31, 2011	\$ 1,439	\$ 365	\$ 11,149	\$ 7,351	\$ 20,304

**Note 18 Contingencies**

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

Dole is a guarantor of indebtedness of some of its key fruit suppliers and other entities integral to Dole's operations. At December 31, 2011, guarantees of \$2.5 million consisted primarily of amounts advanced under third-party bank agreements to independent growers that supply Dole with product. In addition, Dole had restricted cash on deposit at December 31, 2011 of \$5.5 million securing the indebtedness of several fruit suppliers. 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 bonds issued by insurance companies. These letters of credit, bank guarantees and insurance company bonds are required by certain regulatory authorities, suppliers and other operating agreements. As of December 31, 2011, total letters of credit, bank guarantees and bonds outstanding under these arrangements were \$187 million.

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 \$165.9 million of its subsidiaries' obligations to their suppliers and other third parties as of December 31, 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 in connection with 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 230 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 20 labor cases pending in Costa Rica under that country's national insurance program.

On October 3, 2011, Dole signed a definitive settlement agreement with the plaintiff group represented by the Provost & Umphrey Law Firm, L.L.P., which with full implementation will bring to an end all of their DBCP lawsuits and judgments. Of the 230 lawsuits pending worldwide, the settlement includes four lawsuits in the United States (a petition to the U.S. Supreme Court for a writ of certiorari was recently denied in one Provost

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

judgment enforcement action; the plaintiffs holding the underlying judgment are included in the settlement) and 33 lawsuits in Nicaragua, which includes any and all Nicaragua judgments and plaintiff claims associated with Provost & Umphrey. The 33 Nicaragua cases represent approximately \$9 billion in claimed damages and, in seven of those cases, judgments totaling \$907.5 million. The effectiveness of the settlement is contingent upon the satisfaction of a number of conditions including various court approvals and signed releases from the plaintiff group. There is no assurance that the settlement effectiveness conditions will be satisfied. This settlement is consistent with the position Dole has taken in the past, that it is willing to seek reasonable resolution of pending DBCP litigation. The settlement, if it becomes effective, will not have a material effect on Dole's financial position, results of operations or cash flows.

Of the 193 lawsuits not included in the Provost & Umphrey settlement, 16 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. On March 11, 2011, the Court issued a final Statement of Decision, followed on March 31, 2011 by a Judgment, that vacates the prior judgment and dismisses all plaintiffs' claims with prejudice. Plaintiffs filed a notice of appeal of that judgment on May 6, 2011, and briefing is expected to be completed in the third quarter of 2012.

The remaining lawsuits are pending in Latin America and the Philippines. Claimed damages in DBCP cases worldwide total approximately \$45 billion (\$36 billion not counting lawsuits included in the Provost & Umphrey settlement), 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, 196 cases are currently filed (of which 34 are active) in various courts throughout the country (163 cases not counting lawsuits included in the Provost & Umphrey settlement), all but three of which were brought pursuant to Law 364 (including one new case that was served on November 21, 2011), 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 (25 cases not counting lawsuits included in the Provost & Umphrey settlement): \$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; \$46.4 million (one case with 62 claimants) on August 20, 2005; \$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. Dole will appeal the \$357.7 million judgment once it has been served. The two judgments that resulted from seven of the cases filed by Provost & Umphrey, the \$809 million judgment dated December 1, 2006 (six cases consolidated with 1,248 claimants) and the \$98.5 million judgment dated August 8, 2005 (one case with 150 claimants), are included in the settlement.

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 November 10, 2009, the United States District Court for the Southern District of Florida issued final judgment in favor of Dole denying recognition and enforcement of the \$98.5 million Nicaragua judgment against

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

Dole and another U.S. company. On March 10, 2010, Plaintiffs filed an appeal before the United States Court of Appeals for the Eleventh Circuit. On March 25, 2011, the Eleventh Circuit affirmed the district court's judgment, agreeing that the Nicaraguan judgment is not due recognition and enforcement. On April 14, 2011, Plaintiffs filed a Petition for Rehearing En Banc before the 11th Circuit, which was denied by the Court on June 28, 2011. On September 26, 2011, plaintiffs filed a petition for writ of certiorari with the U.S. Supreme Court, which was denied on January 9, 2012. This enforcement action is included in the Provost & Umphrey settlement.

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 its subsidiary, 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 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. 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. Oral argument on the appeal was held on January 25, 2012.

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.



---

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

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 position or results of operations.

*Former Shell Site:* Shell Oil Company and Dole were sued in several cases filed in Los Angeles Superior Court, beginning in 2009, alleging property damage and personal injury by persons claiming to be current or former residents in the area 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. On April 20, 2011, the Court dismissed the case with prejudice, including all claims against Dole. On August 11, 2011, the Court overturned its dismissal in response to plaintiffs' motion for reconsideration and permitted the filing of a second amended complaint by plaintiffs. The defendants filed motions to dismiss plaintiffs' second amended complaint, which have been denied, except that Shell's motions were granted to dismiss certain property damage claims and certain claims based on the allegation that Shell had engaged in ultrahazardous activity. The California Regional Water Quality Control Board is supervising the cleanup on the former Shell site. On March 11, 2011, the Water Board issued a Cleanup and Abatement Order naming Shell as the Discharger and a Responsible Party, and ordering Shell to assess, monitor, and cleanup and abate the effects of contaminants discharged to soil and groundwater at the site. On April 22, 2011, the Water Board sent Dole a letter requiring Dole to supply information concerning ownership, development and activities of the former Shell site, which Dole did on September 15, 2011.

*2010 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 included \$27.3 million as gain on legal settlements during 2010.

*2010 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 was included as gain on legal settlements during 2010.

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

**Note 19 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 December 31, 2011, January 1, 2011, and January 2, 2010, Dole paid Mr. Murdock's companies an aggregate of approximately \$8.7 million, \$9 million and \$9.8 million, respectively, primarily for the rental of truck chassis, generator sets and warehousing services. Castle purchased approximately \$0.5 million, \$0.6 million and \$0.5 million of products from Dole during the years ended December 31, 2011, January 1, 2011, and January 2, 2010, 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 \$0.7 million, \$0.6 million and \$0.7 million for the years ended December 31, 2011, 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 December 31, 2011, January 1, 2011, and January 2, 2010, Dole's share of the direct and indirect costs for this aircraft was \$2.1 million, \$2.3 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.

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 from Castle during the year ended January 2, 2010. 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 December 31, 2011 and January 1, 2011, Dole had due from Castle outstanding net accounts receivable of \$0.4 million and \$0.1 million, respectively. 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 year ended January 2, 2010 totaled \$0.9 million.

---

**Table of Contents**

**DOLE FOOD COMPANY, INC.**

**NOTES TO CONSOLIDATED STATEMENTS (Continued)**

**Note 20 Shareholders Equity**

Dole's authorized share capital as of December 31, 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 par value preferred stock. Of the 300 million common shares authorized, 89 million shares were issued and outstanding (included in this balance are 1,192,567 restricted stock awards which are outstanding but pending vesting) at December 31, 2011. Of the 10 million preferred shares authorized, there were no shares issued and outstanding at December 31, 2011.

***Dividends***

In 2009, Dole declared and paid a dividend of \$15 million to its former parent, Holdings. Dole did not declare or pay a dividend during the years ended December 31, 2011 and January 1, 2011. 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 58.1% 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 21 Earnings Per Share**

	Fiscal Year Ended		
	December 31, 2011	January 1, 2011	January 2, 2010
	(In thousands, except per share amounts)		
Income (loss) from continuing operations	\$ 41,655	\$ (33,752)	\$ 85,086
Income (loss) from discontinued operations	(201)	629	1,639
Gain on disposal of discontinued operations	339	2,957	1,308
Less: Net income attributable to noncontrolling interests	(3,434)	(3,958)	(3,948)
<b>Net income (loss) attributable to shareholders of Dole Food Company, Inc.</b>	<b>\$ 38,359</b>	<b>\$ (34,124)</b>	<b>\$ 84,085</b>
Weighted average common shares outstanding Basic <sup>(1)</sup>	87,619	87,451	58,775
Diluted effects of stock incentive plan	462		
Weighted average common shares outstanding Diluted	88,081	87,451	58,775
<b>Earnings Per Share Basic:</b>			
Income (loss) from continuing operations	\$ 0.48	\$ (0.39)	\$ 1.45
Income from discontinued operations		0.01	0.03
Gain on disposal of discontinued operations		0.03	0.02
Less: Net income attributable to noncontrolling interests	(0.04)	(0.04)	(0.07)
<b>Net income (loss) attributable to shareholders of Dole Food Company, Inc.</b>	<b>\$ 0.44</b>	<b>\$ (0.39)</b>	<b>\$ 1.43</b>
<b>Earnings Per Share Diluted:</b>			
Income (loss) from continuing operations	\$ 0.47	\$ (0.39)	\$ 1.45
Income from discontinued operations		0.01	0.03
Gain on disposal of discontinued operations		0.03	0.02
Less: Net income attributable to noncontrolling interests	(0.03)	(0.04)	(0.07)
<b>Net income (loss) attributable to shareholders of Dole Food Company, Inc.</b>	<b>\$ 0.44</b>	<b>\$ (0.39)</b>	<b>\$ 1.43</b>

(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 (Refer to Note 3 Initial Public Offering for further information). 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 shares had an antidilutive effect on earnings per share, and as such were excluded.

**Note 22 Share-Based Compensation**

In connection with the October 2009 IPO, 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

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

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 December 31, 2011, Dole had 162,233 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:

	2011	2010 (In thousands)	2009
Cost of products sold	\$ 129	\$ 41	\$ 76
Selling, marketing and general administrative expenses	9,014	6,601	849
<b>Total share-based compensation</b>	<b>9,143</b>	<b>6,642</b>	<b>925</b>
Estimated income tax benefit included in provision for income taxes	(2,954)		(274)
<b>Total share-based compensation, net of estimated income tax benefits</b>	<b>\$ 6,189</b>	<b>\$ 6,642</b>	<b>\$ 651</b>

**Stock Options**

A summary of stock option activity for fiscal 2011 was as follows:

	Shares Under Option (In thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life	Aggregate Intrinsic Value (In thousands)
Outstanding at January 1, 2011	2,518	\$ 11.27	9.30 years	\$ 5,642
Granted	1,365	\$ 9.04		
Exercised	(27)	\$ 12.50		
Cancelled	(137)	\$ 11.96		
Outstanding at December 31, 2011	3,719	\$ 10.41	8.90 years	\$ 0
Expected to vest in the future at December 31, 2011	2,418	\$ 9.81	9.27 years	\$ 0
Exercisable at December 31, 2011	1,203	\$ 11.66	8.15 years	\$ 0

The unrecognized compensation expense calculated under the fair value method for shares expected to vest (unvested shares net of expected forfeitures) as of December 31, 2011 was approximately \$9.9 million and is expected to be recognized over a weighted average period of 1.57 years.

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

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

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

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 2011, 2010 and 2009 were \$4.02, \$4.33 and \$5.67, respectively, as estimated at the date of grant. The weighted average input assumptions used and resulting fair values were as follows:

	2011	2010	2009
Expected life (in years)	6	6	6
Risk-free interest rate	1.2%	1.9%	3.0%
Expected volatility	45.7%	44.2%	42.7%
Dividend yield			

**Restricted Stock Awards**

A summary of restricted stock activity for fiscal 2011 was as follows:

	Shares (In thousands)	Weighted Average Grant Date Fair value	Weighted Average Remaining Contractual Life
Unvested at January 1, 2011	1,038	\$ 11.45	2.05 years
Granted	357	\$ 9.11	
Vested	(162)	\$ 11.97	
Cancelled	(40)	\$ 11.89	
Unvested at December 31, 2011	1,193	\$ 10.66	1.76 years
Expected to vest in the future at December 31, 2011	1,133	\$ 10.66	1.76 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 December 31, 2011 was approximately \$7.5 million and is expected to be recognized over a weighted average period of 1.92 years. The total fair value of the restricted stock awards vested during 2011 and 2010 was \$1.9 million.

**Restricted Stock Units**

A summary of restricted stock unit activity for fiscal 2011 was as follows:

Shares (In thousands)	Weighted Average Grant Date Fair value	Weighted Average Remaining Contractual Life
-----------------------------	---	---



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

Unvested at January 1, 2011	98	\$ 10.73	2.52 years
Granted	86	\$ 9.14	
Vested			
Cancelled	(4)	\$ 11.12	
Unvested at December 31, 2011	180	\$ 9.96	2.17 years
Expected to vest in the future at December 31, 2011	171	\$ 9.96	2.17 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 December 31, 2011 was approximately \$1.2 million and is expected to be recognized over a weighted average period of 2.37 years.

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

A summary of performance shares activity for fiscal 2011 was as follows:

	Shares (In thousands)	Weighted Average Grant Date Fair value	Weighted Average Remaining Contractual Life
Unvested at January 1, 2011			
Granted	183	\$ 14.45	
Vested			
Cancelled			
Unvested at December 31, 2011	183	\$ 14.45	2 years
Expected to vest in the future at December 31, 2011	175	\$ 14.45	2 years

The fair value of Dole's performance shares were estimated at the date of the grant. Each quarter Dole assesses the probability of vesting for the performance shares which is used to derive the compensation expense, and makes changes as needed. 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 December 31, 2011 was approximately \$0.9 million and is expected to be recognized over a weighted average period of 2 years.

The performance shares granted during 2011 represent performance shares given to employees during 2010 for which the performance metric was finalized during February 2011.

In addition, during fiscal 2011, the Corporate Compensation and Benefits Committee of the Board of Directors awarded 228,251 performance shares to employees for which a measurement date had not been established as of December 31, 2011. During February 2012, the Corporate Compensation and Benefits Committee finalized the performance metric (net debt reduction, as defined), thereby establishing a grant 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.

**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.

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

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>2011</b>	<b>2010</b>	<b>2009</b>
		<b>(In thousands)</b>	
Revenues, net	\$ 1,650,199	\$ 1,183,877	\$ 1,157,173
Gross margin	241,997	424,397	484,460
Operating income	36,594	35,095	48,497
Net income	12,431	19,444	28,956

<b>Summarized Balance Sheet information</b>	<b>December 31, 2011</b>	<b>January 1, 2011</b>
	<b>(In thousands)</b>	
Current assets	\$ 535,212	\$ 441,281
Noncurrent assets	342,714	242,142
<b>Total assets</b>	<b>877,926</b>	<b>683,423</b>
Current liabilities	407,384	217,726
Noncurrent liabilities	218,176	230,955
<b>Total liabilities</b>	<b>625,560</b>	<b>448,681</b>
Shareholders' equity	237,879	223,526
Equity attributable to noncontrolling interests	14,487	11,216
<b>Total equity</b>	<b>252,366</b>	<b>234,742</b>
Dole's total equity method investments	96,867	87,343

During the year ended December 31, 2011, purchases from Dole's equity method investees were approximately \$203 million, and sales to Dole's equity method investees were approximately \$77 million. In addition, Dole incurred approximately \$21 million in costs during 2011 related to operating service agreements with certain equity method investees.

During the fourth quarter of 2011, Dole signed a definitive agreement to invest \$6 million for a 30% ownership in Healthy Foods, LLC (Healthy Foods). Healthy Foods produces the yonanas<sup>®</sup> frozen treat maker.

**Note 24 Acquisitions**

On October 11, 2011, Dole completed the acquisition of 100% of the capital stock of SunnyRidge in accordance with the agreement, dated October 11, 2011. SunnyRidge is a grower and distributor of fresh berries to the wholesale and food service markets in North America. In addition to its own berry farms, SunnyRidge packages and distributes blueberries, blackberries, raspberries and strawberries for various independent growers located in North America and South America.

Pursuant to the terms of the agreement, Dole purchased SunnyRidge for total consideration of \$91.3 million, plus an earn-out payable in 2015 that will be between \$0 and \$15 million. The earn-out will be recognized as compensation expense when it becomes probable and estimable. The earn-out will be contingent upon attaining EBITDA targets for certain SunnyRidge farming businesses during the years 2012 through 2014, as well as the satisfaction of certain management employment contingencies. Dole paid the consideration, less certain escrowed amounts, primarily from cash on hand, some of which was attributable to Dole's third quarter 2011 refinancing transactions.



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

The following table provides pro forma statements of operations for the years ended December 31, 2011 and January 1, 2011 as if SunnyRidge had been acquired as of the beginning of 2010. The unaudited pro forma results reflect certain adjustments such as the fair values of the assets acquired and liabilities assumed from SunnyRidge, additional depreciation and amortization resulting from the fair value adjustments, tax adjustments, and the additional interest costs on the acquisition debt. The pro forma results do not include any anticipated cost synergies or other effects of the planned integration of SunnyRidge or recognition of compensation expense relating to the earn-out. Accordingly, such pro forma amounts are not necessarily indicative of the results that actually would have occurred had the acquisition been completed on the dates indicated, nor is it indicative of the future operating results of the combined company.

	<b>December 31, 2011</b>	<b>January 1, 2011</b>
	<b>(In thousands)</b>	
Revenues, net	\$ 7,284,217	\$ 6,955,580
Income (loss) from continuing operations	45,853	(31,400)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	42,470	(31,690)
Earnings per share Basic and Diluted:		
Income (loss) from continuing operations, net of income taxes	\$ 0.52	\$ (0.36)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ 0.48	\$ (0.36)

SunnyRidge contributed revenues of \$9 million from October 11 through December 31, 2011. Net income for this period was not significant.

Under the acquisition method of accounting, the total purchase price was allocated to SunnyRidge's net tangible and intangible assets acquired and liabilities assumed based on their fair values as of October 11, 2011, the acquisition date. The excess of purchase consideration over the net tangible and intangible assets is reflected as goodwill. Based on the fair values of assets acquired and liabilities assumed from SunnyRidge, the acquisition resulted in the recognition of approximately \$12.3 million in goodwill.

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

The following table summarizes the fair value of the assets acquired and liabilities assumed from SunnyRidge on October 11, 2011.

**Assets Acquired and Liabilities Assumed**

	<b>At October 11, 2011 (In thousands)</b>
Purchase Price	\$ 91,315
Fair value of assets acquired:	
Current assets	\$ 25,342
Property, plant and equipment	28,395
Intangible assets:	
Customer relationships	21,000
Trade name	6,700
In-process research and development	4,900
Non-compete agreements	2,900
Other assets	90
<b>Total assets acquired</b>	<b>\$ 89,327</b>
Fair value of liabilities and noncontrolling interests assumed:	
Current liabilities	\$ 5,186
Long-term debt	2,052
Other long-term liabilities	1,960
Equity attributable to noncontrolling interests	1,116
<b>Total liabilities and noncontrolling interests assumed</b>	<b>\$ 10,314</b>
Goodwill	\$ 12,302

In addition, during the first quarter of 2012, Dole acquired Mrs. May's Naturals, Inc., a company committed to providing consumers with wholesome snacks for a healthier lifestyle. The acquisition provides a platform for growth of all-natural offerings in the health and nutrition food category which is a part of our packaged foods segment. The purchase price was approximately \$15 million.

**Note 25 Guarantor Financial Information**

Dole's 100% owned domestic subsidiaries (Guarantors) have fully and unconditionally guaranteed, on a joint and several basis, Dole's obligations under the indentures related to the 2013 Debentures, the 2014 Notes and the 2016 Notes. 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.

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

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

subsidiaries and associated intercompany balances and transactions as well as cash overdraft and income tax reclassifications.

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

The following are consolidating statements of operations of Dole for the years ended December 31, 2011, January 1, 2011 and January 2, 2010; consolidating balance sheets as of December 31, 2011 and January 1, 2011 and consolidating statements of cash flows for the years ended December 31, 2011, January 1, 2011 and January 2, 2010.

**CONSOLIDATING STATEMENT OF OPERATIONS****For the Year Ended December 31, 2011**

	<b>Dole Food Company, Inc.</b>	<b>Guarantors</b>	<b>Non Guarantors (In thousands)</b>	<b>Eliminations</b>	<b>Total</b>
Revenues, net	\$ 90,711	\$ 3,165,970	\$ 5,464,454	\$ (1,497,299)	\$ 7,223,836
Cost of products sold	(74,522)	(2,811,777)	(5,034,543)	1,482,157	(6,438,685)
Gross margin	16,189	354,193	429,911	(15,142)	785,151
Selling, marketing and general and administrative expenses	(60,056)	(238,630)	(251,588)	15,142	(535,132)
Charges for restructuring and long-term receivables			(24,916)		(24,916)
Gain on asset sales	4,541				4,541
Operating income (loss)	(39,326)	115,563	153,407		229,644
Equity in subsidiary income	135,584	53,928		(189,512)	
Other income (expense), net	(18,058)	277	(31,452)		(49,233)
Interest income	804	523	3,338		4,665
Interest expense	(96,932)	(143)	(45,355)		(142,430)
Income (loss) from continuing operations before income taxes and equity earnings	(17,928)	170,148	79,938	(189,512)	42,646
Income taxes	56,441	(35,176)	(27,786)		(6,521)
Earnings (loss) from equity method investments	(154)	117	5,567		5,530
Income from continuing operations, net of income taxes	38,359	135,089	57,719	(189,512)	41,655
Income from discontinued operations, net of income taxes			(201)		(201)
Gain on disposal of discontinued operations, net of income taxes			339		339
Net income	38,359	135,089	57,857	(189,512)	41,793
Less: Net income attributable to noncontrolling interests			(3,434)		(3,434)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ 38,359	\$ 135,089	\$ 54,423	\$ (189,512)	\$ 38,359





**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 BALANCE SHEET**

As of December 31, 2011

	Dole Food Company, Inc.	Guarantors	Non Guarantors (In thousands)	Eliminations	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,558	\$ 1,813	\$ 106,977	\$	\$ 122,348
Restricted cash and deposits			6,230		6,230
Receivables, net of allowances	106,855	122,450	455,789		685,094
Inventories	8,970	309,391	511,156		829,517
Prepaid expenses and other assets	6,647	8,934	49,750		65,331
Deferred income tax assets		21,442	9,257	(4,515)	26,184
Assets held-for-sale	13,370	3,813	58,458		75,641
Total current assets	149,400	467,843	1,197,617	(4,515)	1,810,345
Investments	2,485,133	1,834,271	100,629	(4,320,564)	99,469
Actively marketed land	74,814				74,814
Property, plant and equipment, net	135,050	268,548	507,131		910,729
Goodwill		131,818	285,044		416,862
Intangible assets, net	689,615	7,331	35,067		732,013
Other assets, net	67,299	12,982	149,658	(4,100)	225,839
Total assets	\$ 3,601,311	\$ 2,722,793	\$ 2,275,146	\$ (4,329,179)	\$ 4,270,071
<b>LIABILITIES AND EQUITY</b>					
Accounts payable	\$ 10,428	\$ 140,638	\$ 300,983	\$	\$ 452,049
Liabilities related to assets held-for-sale			49,117		49,117
Accrued liabilities	68,906	166,166	305,407		540,479
Current portion of long-term debt, net	(1,060)	711	11,105		10,756
Notes payable			27,969		27,969
Total current liabilities	78,274	307,515	694,581		1,080,370
Intercompany payables (receivables)	1,260,604	(88,549)	(1,167,540)	(4,515)	
Long-term debt, net	1,014,113	2,608	624,391		1,641,112
Deferred income tax liabilities	154,011		31,766	(4,100)	181,677
Other long-term liabilities	301,805	22,885	223,801		548,491
Equity attributable to shareholders of Dole Food Company, Inc.	792,504	2,478,334	1,842,230	(4,320,564)	792,504
Equity attributable to noncontrolling interests			25,917		25,917
Total equity	792,504	2,478,334	1,868,147	(4,320,564)	818,421
Total liabilities and equity	\$ 3,601,311	\$ 2,722,793	\$ 2,275,146	\$ (4,329,179)	\$ 4,270,071



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

As of January 1, 2011

	Dole Food Company, Inc.	Guarantors	Non Guarantors (In thousands)	Eliminations	Total
<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
Total current assets	697,828	447,510	1,196,682	(443,765)	1,898,255
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
Total assets	\$ 4,066,336	\$ 2,704,975	\$ 2,211,104	\$ (4,725,425)	\$ 4,256,990
<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
Total current liabilities	80,198	795,713	770,935	(443,765)	1,203,081
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 Company Inc.	792,169	2,453,048	1,828,612	(4,281,660)	792,169
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)****CONSOLIDATING STATEMENT OF CASH FLOWS****For the Year Ended December 31, 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>					
Intercompany dividend income	\$ 35,000	\$ 35,000	\$	\$ (70,000)	\$
Operating activities	(137,309)	107,108	35,326		5,125
Cash flow provided by (used in) operating activities	(102,309)	142,108	35,326	(70,000)	5,125
<b>INVESTING ACTIVITIES</b>					
Cash received from sales of assets and businesses, net of cash disposed	10,469	915	30,338		41,722
Business acquisitions, net of cash acquired		(77,887)	(1,147)		(79,034)
Cash received from sales of investments, net of cash disposed			1,051		1,051
Capital expenditures	(513)	(33,068)	(48,606)		(82,187)
Restricted cash			44,878		44,878
Investments in non-consolidated subsidiaries	(6,000)		(2,038)		(8,038)
Other	(1,127)				(1,127)
Cash flow provided by (used in) investing activities	2,829	(110,040)	24,476		(82,735)
<b>FINANCING ACTIVITIES</b>					
Short-term debt borrowings	535	2,321	31		2,887
Short-term debt repayments			(10,128)		(10,128)
Long-term debt borrowings	756,138		581,340		1,337,478
Long-term debt repayments	(666,508)	(290)	(604,171)		(1,270,969)
Payment of debt issuance costs	(6,281)		(6,726)		(13,007)
Premium on early retirement of notes	(10,238)				(10,238)
Net proceeds from stock option exercises	312				312
Dividends paid to noncontrolling interests			(2,935)		(2,935)
Intercompany dividends		(35,000)	(35,000)	70,000	
Settlement on long-term Japanese yen hedge forwards			(3,910)		(3,910)
Cash flow provided by (used in) financing activities	73,958	(32,969)	(81,499)	70,000	29,490
Effect of foreign currency exchange rate changes on cash			321		321
Decrease in cash and cash equivalents	(25,522)	(901)	(21,376)		(47,799)
Cash and cash equivalents at beginning of period	39,080	2,714	128,353		170,147

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

Cash and cash equivalents at end of period	\$ 13,558	\$ 1,813	\$ 106,977	\$ 122,348
--	-----------	----------	------------	------------

**Table of Contents****DOLE FOOD COMPANY, INC.****NOTES TO CONSOLIDATED STATEMENTS (Continued)****CONSOLIDATING STATEMENT OF CASH FLOWS**

For the Year Ended January 1, 2011

	Dole Food Company, Inc.	Guarantors	Non Guarantors (In thousands)	Eliminations	Total
<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
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)****CONSOLIDATING STATEMENT OF CASH FLOWS****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>
<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)
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

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

Cash and cash equivalents at end of period	\$ 20,913	\$ 2,118	\$ 96,639	\$ 119,670
--	-----------	----------	-----------	------------

**Table of Contents****II. Supplementary Data**  
**Quarterly Financial Information (Unaudited)**

The following table presents summarized quarterly results:

2011	Quarter Ended			
	March 26, 2011	June 18, 2011	October 8, 2011	December 31, 2011
	(In thousands, except per share data)			
Revenues, net	\$ 1,686,104	\$ 1,915,725	\$ 2,086,032	\$ 1,535,975
Gross margin	206,761	258,206	175,718	144,466
Income (loss) from continuing operations, net of income taxes	1,843	82,665	(46,961)	4,108
Income (loss) from discontinued operations, net of income taxes	202	29	(43)	(389)
Gain on disposal of discontinued operations, net of income taxes		339		
Net income (loss)	2,045	83,033	(47,004)	3,719
Less: Net (income) loss attributable to noncontrolling interests	(1,005)	(1,267)	(1,634)	472
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	1,040	81,766	(48,638)	4,191
Basic and diluted earnings per share attributable to shareholders of Dole Food Company, Inc.	\$ 0.01	\$ 0.93	\$ (0.56)	\$ 0.05

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 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 and diluted earnings per share attributable to shareholders of Dole Food Company, Inc.	\$ 0.25	\$ 0.37	\$ (0.58)	\$ (0.44)

## **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 December 31, 2011 (the end of our fiscal year) and concluded, based on this evaluation, that our disclosure controls and procedures were effective as of December 31, 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 (leaving aside those changes occasioned by our acquisition of SunnyRidge during such quarter) 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 December 31, 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 December 31, 2011.

During the year ended December 31, 2011 Dole acquired SunnyRidge. In connection with this acquisition, we have updated our internal control over financial reporting as necessary, to accommodate modifications to our business processes and accounting procedures. In accordance with the Exchange Act, management has elected to exclude SunnyRidge from its 2011 assessment of and report on internal control over financial reporting. SunnyRidge accounted for 2.5% and 0% of total and net assets, respectively, as of December 31, 2011 and 0% and 0% of revenues and net income, respectively, for the year then ended.

#### ***Attestation Report of the Registered Public Accounting Firm***

The effectiveness of our internal control over financial reporting as of December 31, 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](http://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 2012 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 2012 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 2012 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 2012 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.	<i>Financial Statements:</i> The following consolidated financial statements are included herein in Item 8 above.	<b>Form 10-K Page</b>
		<u>Audited Financial Statements for the Years Ended December 31, 2011, January 2, 2010 and January 3, 2009</u>	52
	2.	Financial Statement Schedule	
	3.	<u>Valuation and Qualifying Accounts</u> Exhibits:	140

**Exhibits**

**Exhibit**

<b>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.

**Table of Contents****Exhibit**

<b>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 Dole Nut Company, dated as of January 28, 1998, changed the company's name to Dole Orland, Inc.

**Table of Contents****Exhibit**

<b>Number</b>	<b>Title</b>
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
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

**Table of Contents**

**Exhibit**

<b>Number</b>	<b>Title</b>
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)	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.

**Table of Contents**

**Exhibit**

<b>Number</b>	<b>Title</b>
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'Agien, 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
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

**Table of Contents****Exhibit**

<b>Number</b>	<b>Title</b>
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**

**Exhibit**

<b>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, as further amended on March 2, 2010 and as further amended on July 8, 2011, 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 Administrative Agent, Banc of America Securities, N.A. and Wells Fargo Bank, N.A., as Syndication Agents, JPMorgan Chase Bank N.A., The Bank of Nova Scotia and Coöperatieve Centrale Raiffeisen - Boerenleenbank B.A., Rabobank Nederland, New York Branch, as Co-Documentation Agents, and Deutsche Bank Securities Inc. and Merrill, Lynch, Pierce, Fenner & Smith Incorporated, as Lead Arrangers and Joint Book Runners (incorporated by reference to Exhibit 10.1 to Dole's Quarterly Report on Form 10-Q/A for the quarterly period ended October 8, 2011 filed with the Commission on February 24, 2012)



**Table of Contents****Exhibit**

<b>Number</b>	<b>Title</b>
10.2	Credit Agreement, dated as of April 12, 2006, as amended on March 18, 2009, as further amended on October 26, 2009, as further amended on March 2, 2010 and as further amended on July 8, 2011, 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, Bank of America, N.A. and Wells Fargo Capital Finance, LLC, as Co-Syndication Agents, JPMorgan Chase Bank N.A., The Bank of Nova Scotia, and U.S. Bank National Association, as Co-Documentation Agents, Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Wells Fargo Capital Finance, LLC, as Joint Lead Arrangers and Deutsche Bank Securities, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as Joint Book Running Managers (incorporated by reference to Exhibit 10.2 to Dole's Quarterly Report on Form 10-Q/A for the quarterly period ended October 8, 2011 filed with the Commission on February 24, 2012)
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 9, 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))

**Table of Contents**

**Exhibit**

<b>Number</b>	<b>Title</b>
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 10.16 (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 (incorporated by reference to Exhibit 10.24 to Dole's Quarterly Report on Form 10-Q for the quarterly period ended June 18, 2011)
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 Commission on December 3, 2010)

**Table of Contents**

**Exhibit**

<b>Number</b>	<b>Title</b>
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 November 18, 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 November 18, 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
101**	The following financial information from Dole Food Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income (loss), (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Shareholders' Equity and (vi) the Notes to Consolidated Financial Statements.

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).

Incorporated by reference to the corresponding numbered exhibits to Dole's Annual Report on Form 10-K, filed with the Commission on March 14, 2011 (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 15, 2012

**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.

/s/ DAVID H. MURDOCK	Chairman and Director	March 15, 2012
David H. Murdock		
/s/ DAVID A. DeLORENZO	President and Chief Executive Officer	March 15, 2012
David A. DeLorenzo		
and Director		
/s/ JOSEPH S. TESORIERO	Executive Vice President and	March 15, 2012
Joseph S. Tesoriero		
Chief Financial Officer		
/s/ YOON J. HUGH	Vice President, Controller and	March 15, 2012
Yoon J. Hugh		
Chief Accounting Officer (Principal		
Accounting Officer)		
/s/ ELAINE L. CHAO	Director	March 15, 2012
Elaine L. Chao		

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

/s/ ANDREW J. CONRAD	Director	March 15, 2012
Andrew J. Conrad		
/s/ SHERRY LANSING	Director	March 15, 2012
Sherry Lansing		
/s/ JUSTIN MURDOCK	Director	March 15, 2012
Justin Murdock		
/s/ DENNIS M. WEINBERG	Director	March 15, 2012
Dennis M. Weinberg		

**Table of Contents**

## SCHEDULE VALUATION AND QUALIFYING ACCOUNTS

## DOLE FOOD COMPANY, INC.

## VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Additions	Deductions(A) (In thousands)	Charged to Other Accounts(B)	Balance at End of Period
<b>Year Ended December 31, 2011</b>					
<i>Allowance for doubtful accounts</i>					
Trade receivables	\$ 20,184	\$ 22,040	\$ (23,921)	\$ 10	\$ 18,313
Notes and other current receivables	16,349	5,369	(6,361)	(1,433)	13,924
Long-term notes and other receivables	39,608	2,381	(3,184)	1,363	40,168
<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

**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</b>	
<b>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, 1996, changed the company's name to Dole Arizona Dried Fruit and Nut Company

**Table of Contents****Exhibit**

<b>Number</b>	<b>Title</b>
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 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



**Table of Contents****Exhibit**

<b>Number</b>	<b>Title</b>
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.
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.

**Table of Contents**

**Exhibit**

<b>Number</b>	<b>Title</b>
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'Agien, 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

**Table of Contents**

<b>Exhibit</b>	
<b>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)

**Table of Contents**

**Exhibit**

<b>Number</b>	<b>Title</b>
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))
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)

**Table of Contents**

<b>Exhibit</b>	
<b>Number</b>	<b>Title</b>
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, as further amended on March 2, 2010, and as further amended on July 8, 2011 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 Administrative Agent, Banc of America Securities, N.A. and Wells Fargo Bank, N.A., as Syndication Agents, JPMorgan Chase Bank, N.A., The Bank of Nova Scotia and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, New York Branch, as Co-Documentation Agents, and Deutsche Bank Securities Inc., and Merrill, Lynch, Pierce, Fenner & Smith Incorporated as Lead Arrangers and Joint Book Runners (incorporated by reference to Exhibit 10.1 to Dole's Quarterly Report on Form 10-Q/A for the quarterly period ended October 8, 2011 filed with the Commission on February 24, 2012)
10.2	Credit Agreement, dated as of April 12, 2006, as amended on March 18, 2009, as further amended on October 26, 2009, as further amended on March 2, 2010 and as further amended on July 8, 2011, 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, and Bank of America, N.A. and, as Co-Syndication Agents, JPMorgan Chase Bank N.A., The Bank of Nova Scotia, and U.S. Bank National Association, as Co-Documentation Agents, Deutsche Bank Securities Inc., Merrill, Lynch, Pierce, Fenner & Smith Incorporated, and Wells Fargo Capital Finance, LLC, as Joint Lead Arrangers and Deutsche Bank Securities, Inc. and Merrill, Lynch, Pierce, Fenner & Smith Incorporated, as Joint Book Running Managers (incorporated by reference to Exhibit 10.2 to Dole's Quarterly Report on Form 10-Q/A for the quarterly period ended October 8, 2011 filed with the Commission on February 24, 2012)
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

**Table of Contents**

<b>Exhibit</b>	
<b>Number</b>	<b>Title</b>
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 10.16 (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 (incorporated by reference to Exhibit 10.24 to Dole's Quarterly Report on Form 10-Q for the quarterly period ended June 18, 2011)
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</b>	
<b>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 November 18, 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 November 18, 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

**Table of Contents**

**Exhibit**

<b>Number</b>	<b>Title</b>
32.2**	Certification by the Executive Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act
101**	The following financial information from Dole Food Inc. s Annual Report on Form 10-K for the year ended December 31, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income (loss), (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Shareholders Equity and (vi) the Notes to Consolidated Financial Statements.

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).

Incorporated by reference to the corresponding numbered exhibits to Dole s Annual Report on Form 10-K, filed with the Commission on March 14, 2011 (File No. 333-106493)

\* Filed herewith.

\*\* Furnished herewith.

# Management compensatory plan or arrangement.