DOLE FOOD CO INC
Form 10-K
March 27, 2009

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

# Form 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended January 3, 2009**

**or**

o **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** | **99-0035300** |
| *(State or other jurisdiction of incorporation or organization)* | *(IRS Employer Identification No.)* |

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

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

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

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| Common Stock, $0.001 Par Value | none |

**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 o     No þ

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 þ     No o

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 þ     No o

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 amendments to this Form 10-K.  þ

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

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

The approximate aggregate market value of voting and non-voting stock held by non-affiliates of the registrant was $0 as of the last business day of the registrant s most recently completed second fiscal quarter.

The number of shares of Common Stock outstanding as of March 27, 2009 was 1,000.

**DOCUMENTS INCORPORATED BY REFERENCE**
**None**

**DOLE FOOD COMPANY, INC.**

**FORM 10-K**
**Fiscal Year Ended January 3, 2009**

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# PART I

## Item 1. *Business*

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

Dole s principal executive offices are located at One Dole Drive, Westlake Village, California 91362, telephone (818) 879-6600. At January 3, 2009, we had approximately 40,900 full-time permanent employees and 34,900 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. Since we have only one stockholder and since our debt securities are not listed or traded on any exchange, we do not make available free of charge, on or through our website, electronically or through paper copies our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, or any amendments to those reports.

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

We are the world s leading producer of fresh fruit and fresh vegetables, including a growing line of value-added products. Founded in 1851 in Hawaii, 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 vegetables. Our most significant products hold the number 1 or number 2 positions in their respective markets. For the fiscal year ended January 3, 2009, we generated revenues of more than $7.6 billion and operating income of approximately $275 million. At January 3, 2009 we had total assets of $4.4 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 57% unaided consumer brand awareness almost three times that of Dole s nearest competitor, according to a major global research company (TNS NFO). 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.

We source or sell nearly 200 products in more than 90 countries. Our fully-integrated operations include sourcing, growing, processing, distributing and marketing our products. 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.

### Industry

The worldwide fresh produce industry enjoys consistent underlying demand and favorable growth dynamics. In recent years, the market for fresh produce has increased faster than the rate of population growth, supported by ongoing trends including greater consumer demand for healthy, fresh and convenient foods, increased retailer square footage devoted to fresh produce, and greater emphasis on fresh produce as a differentiating factor in attracting customers.

Health-conscious consumers are driving much of the growth in demand for fresh produce. Over the past several decades, the benefits of natural, preservative-free foods have become an increasingly significant element of the public dialogue on health and nutrition. As a result, consumption of fresh fruit and vegetables has markedly

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increased. According to the U.S. Department of Agriculture, Americans consumed an additional 38 pounds of fresh fruit and vegetables per capita in 2006 than they did in 1987.

The North American packaged foods industry is experiencing stable growth, driven by consumer demand for convenient, healthy snacking options. FRUIT BOWLS in plastic cups, introduced by Dole in 1998, and other innovative packaging items, such as fruit in plastic jars and pouches, have steadily displaced the canned alternative. These new products have spurred overall growth in the packaged foods category, while the consumption of traditional canned fruit has declined as consumers opt for fresh products and more innovative packaging.

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

**Competitive Strengths**

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

*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 line of plastic fruit cups called FRUIT BOWLS®, FRUIT BOWLS in Gel, Fruit Parfaits and fruit in plastic jars.

*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.

*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 131,000 acres of farms and other land holdings, including 26,000 acres of farmland in Oahu, Hawaii and approximately 2,700 acres of peach orchards in California. We own and operate six modern corrugated box manufacturing plants in Latin America and Asia, allowing us to manufacture our own banana and pineapple boxes, as well as extrude 100% of our plastic bag requirements. We have the largest dedicated refrigerated containerized fleet in the world, which includes 14,800 refrigerated containers, 11 owned and 13 chartered vessels. We own over 60 ripening and distribution centers in Europe and Asia. We own and operate over one million square feet of vegetable processing facilities globally. Additionally, our packaged food business processes its product lines in over 1.9 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, box plants, 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.

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*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 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 75 countries and distribute products in more than 90 countries. We are not dependent on any one country for the sourcing of our products. The largest concentration of production is in Ecuador, where we sourced approximately 29% of our Latin American bananas in 2008. The diversity of our production sources reduces our risk from exposure to natural disasters and political disruptions in any one particular country.

*Strong Management Team.* Our management team has a demonstrated history of delivering strong operating results through disciplined execution. Our current management team is led by David A. DeLorenzo, who rejoined Dole as President and Chief Executive Officer in June 2007. Under his guidance, Dole s net revenues have increased from $6.0 billion in 2006 to $7.6 billion in 2008. Over the same period, operating income has increased from $136 million to $275 million. Our senior management team has a total of 110 years of experience at Dole with an average of over 15 years each.

**Business Strategy**

Key elements of our strategy include:

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

*Focus on Value-Added Products.* We will continue to shift our product mix toward value-added food categories while maintaining and building on our key market leadership positions in commodity fruits and vegetables. For example, we have successfully increased our percentage of revenue from value-added products in our fresh vegetables and packaged foods businesses, where our packaged salad lines and FRUIT BOWL and other non-canned products now account for approximately 53% and 58% of those businesses respective revenues. Value-added food categories are growing at a faster rate than traditional commodity businesses and typically generate stronger margins. We plan to continue to address the growing demand for convenient and innovative products by investing in our higher margin, value-added food businesses.

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

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

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

Focusing capital investments to improve productivity; and

Selling non-core assets.

*Improve our Strong Grower Network.* In addition to owning and operating our own farms, we have developed a unique worldwide network of over 9,000 farmers who proudly produce to our standards. We not only provide technical agronomic assistance to these growers but also provide organizational assistance to small farmers around the world, allowing them to combine their efforts in a cooperative manner to achieve the economies of scale necessary to compete in the world market. We will continue to focus on the strength of our grower network, which we believe provides us with a sustainable competitive advantage.

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

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

**Asset Sales**

Dole has established the reduction of its leverage as a key goal. This initiative has two principal dimensions: (1) improving operating results, through leveraging of our strong global brand and market leadership, coupled with a sharp focus on cost reduction and increased operating efficiencies, and (2) paying down debt with the proceeds of asset sales and the increased earnings resulting from improved operating performance. With respect to asset sales, Dole set a goal of selling $200 million in non-core or underperforming assets in 2008, which we have exceeded. During 2008, cash consideration related to our asset sale program totaled approximately $236 million, including sales of land in Hawaii, our fresh-cut flowers headquarters building in Miami, Florida, our citrus and pistachio operations in California, two farms in Chile, a land parcel in Turkey, two older refrigerated ships, a distribution facility in Europe, our JP Fresh and Dole France subsidiaries, and additional acreage located in California.

For 2009, we have set a target of $200 million in asset sales. On January 29, 2009, Dole announced progress on our asset sale program. First, Dole closed the first phase of the sale of our flowers division. With the closing of the first phase, Dole completed the sale of our flowers business and retains only certain real estate of the former flowers division to be sold in the subsequent phases of the transaction. Second, Dole closed on the sale of certain banana properties in Latin America. Third, Dole signed a definitive purchase and sale agreement to sell certain property in North America. The sale closed during March 2009. Dole received net cash proceeds of approximately $83 million from these three transactions. When all phases of the transactions are complete, net proceeds to Dole will be approximately $130 million. The cash proceeds will be used to pay down Dole s debt under its senior secured credit facilities and/or to reinvest in the business. Pending reinvestment, cash proceeds will be used to pay down Dole s revolving credit facility.

**Business Segments**

We have three business segments: fresh fruit, fresh vegetables and packaged foods. The fresh fruit segment contains several operating divisions that produce and market fresh fruit to wholesale, retail and institutional customers worldwide. The fresh vegetables segment contains two operating divisions that produce and market commodity vegetables and packaged vegetables and salads to wholesale, retail and institutional customers, primarily in North America, Europe and Asia. The packaged foods segment contains several operating divisions that produce and market packaged foods including fruit, juices and snack foods. 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. Closing of the first phase of the transaction occurred early in the first quarter of 2009. Accordingly, the results of operations of the fresh-cut flowers segment are reflected as discontinued operations for all periods presented. All of the related assets and liabilities of that segment have been reclassified as held-for-sale.

## 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 71% of 2008 consolidated total revenues.

### *Bananas*

We are one of the world s largest producers of bananas, growing and selling approximately 165 million boxes of bananas annually. 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 36% market share) and Japan (an approximate 31% market share) and the number 2 provider in Europe (an approximate 12% market share). In Latin America, we source our bananas primarily in Honduras, Costa Rica, Ecuador, Colombia, Guatemala and Peru, growing on approximately 38,800 acres of company-owned farms and over 90,000 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 2008.

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. and Fresh Del Monte Produce, Inc.

During the fourth quarter of 2008, we entered into a binding letter of intent to sell certain portions of our Latin American banana operations. The related assets and liabilities from these operations were reclassified to held-for-sale during the fourth quarter of 2008. The net book value of the Latin banana operations that we agreed to sell is approximately $18 million, and the sale closed during the first quarter of 2009.

### *European Ripening and Distribution*

Our European Ripening and Distribution business distributes DOLE and non-DOLE branded fresh produce in Europe. This business operates 23 ripening and distribution centers in eight countries, predominantly in Western Europe. This is a value-added business for us since European retailers generally do not self-distribute or self-ripen. This business assists us in firmly establishing our European customer relationships. In 2008, European Ripening and Distribution accounted for approximately 41% of our fresh fruit business segment s revenues.

### *Fresh Pineapples*

We are the number 2 global marketer of fresh pineapples, growing and selling more than 34 million boxes annually. We source our pineapples primarily from Dole-operated farms and independent growers in Latin America, Hawaii, the Philippines and Thailand. We produce and sell several different varieties, including the sweet yellow pineapple. We introduced the sweet yellow pineapple in 1999, and now market a substantial portion of this fruit under the DOLE TROPICAL GOLD® label. Varieties of pineapple other than the sweet pineapples are also

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used in our packaged products. Our primary competitor in fresh pineapples is Fresh Del Monte Produce, Inc. Pineapples accounted for approximately 7% of our fresh fruit business segment s revenues in 2008.

***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 1,900 Dole-owned or -leased acres and 12,300 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 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 2008.

### Fresh Vegetables

Our fresh vegetables business segment operates through two divisions: commodity vegetables and value-added. We source fresh vegetables from Dole-owned and contracted farms. Our value-added products are produced in state-of-the-art processing facilities in Yuma, Arizona, Soledad, California, Springfield, Ohio and Bessemer City, North Carolina. Under arrangements with independent growers, we purchase fresh produce at the time of harvest and are generally responsible for harvesting, packing and shipping the product to our central cooling and distribution facilities. We pursue a balanced growth strategy between our commodity and value-added divisions. In 2008, the value-added division accounted for 53% of our revenues for this segment. The fresh vegetables business segment accounted for approximately 14% of 2008 consolidated total revenues.

***Commodity 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 and artichokes, as well as fresh strawberries. We sell our commodity products primarily in North America, Asia and, to a lesser extent, Western Europe. In North America, we are the largest supplier of iceberg lettuce, celery and cauliflower, and the third largest producer of strawberries. Our primary competitors in this category include: Tanimura & Antle, Duda, Salyer American and Ocean Mist.

***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 reported by IRI was approximately 34% for the 2008 fiscal year. New product development continues to drive growth in this area. Our primary competitors in packaged salads include Chiquita Brands International, Inc. (which markets Fresh Express), Ready Pac Produce, Inc. and Taylor Fresh Foods, Inc.

### Packaged Foods

Our packaged foods segment produces canned pineapple, canned pineapple juice, fruit juice concentrate, fruit in plastic cups, jars and pouches and fruit parfaits. Most of our significant packaged food products hold the number 1 branded market position in North America. We remain the market leader in the plastic fruit cup category with six of the top ten items in category. Fruit for our packaged food products is sourced primarily in the Philippines, Thailand, the United States and China and packed primarily in four Asian canneries, two in Thailand and two in the Philippines. We have continued to focus on expanding our product range beyond our traditional canned fruit and juice products. FRUIT BOWL and other non-canned products accounted for approximately 58% of the segment s 2008 revenues.

The trend towards convenience and healthy snacking has generated strong growth in the plastic fruit cup category which now significantly exceeds the applesauce cup and shelf-stable gelatin cup categories. In fact, Dole now produces more plastic cups than traditional cans. Our FRUIT BOWLS products, introduced in 1998, have

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achieved significant market share, as evidenced by our 50% dollar market share in the United States during 2008, as reported by IRI. In 2003, Dole introduced fruit in a 24.5 oz. plastic jar, which has attained a 42% dollar market share in the refrigerated and shelf-stable jar category, and a 74% share in the shelf-stable jar category, as reported by IRI. To keep up with demand, we have made substantial investments in our Asian canneries, significantly increasing our FRUIT BOWLS capacity in the past four years. These investments should ensure our position as an industry innovator and low-cost producer.

In the frozen fruit category, Dole is now the number 1 brand in North America and is positioned for continued growth as the innovation leader. New product introductions include our new WILDLY NUTRITIOUS$^{tm}$ fruit blends, which offer targeted health benefits, as well as our Sliced Strawberries, which drive consumer convenience. The brand is also in the process of transitioning into a new consumer-friendly, easy-open standup bag.

Our packaged foods segment accounted for approximately 15% of 2008 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. The first phase of the transaction closed early in the first quarter of 2009.

**Global Logistics**

We have significant product sourcing and related operations in Cameroon, Chile, China, Costa Rica, Ecuador, Honduras, Ivory Coast, 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 24 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 2008 accounted for approximately 30% of total revenues. No one customer accounted for more than 6% of total 2008 revenues. Our customer base is highly diversified, both geographically and in terms of product mix. Each of our segments largest customers accounted for no more than approximately 20% of that segment s revenues. Our largest customers are leading global and regional mass merchandisers and supermarkets in North America, Europe and Asia.

**Sales and Marketing**

We sell and distribute our fruit and vegetable products through a network of fresh produce operations in North America, Europe, Asia and Latin America. Some of these operations involve the sourcing, distribution and marketing of fresh fruits and vegetables while others involve only distribution and marketing. We have regional sales organizations dedicated to servicing major retail and wholesale customers. We also use the services of brokers in certain regions, primarily for sales of packaged fruits 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

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and trade spending, to promote new items, bolster our exceptional brand awareness and promote nutrition knowledge.

### Competition

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

### Employees

At January 3, 2009, we had approximately 40,900 full-time permanent employees and 34,900 full-time seasonal or temporary employees, worldwide. Approximately 35% of our employees work under collective bargaining agreements, some of which are in the process of being renegotiated. Certain other bargaining agreements are scheduled to expire in 2009, subject to automatic renewals unless a notice of non-extension is given by the union or us. We have not received any notice yet 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 of 1995, we received cash payments up front and granted to Tropicana a license, requiring no additional future royalty payments, to use certain DOLE trademarks on certain beverage products. We continue to produce and market DOLE canned pineapple juice and pineapple juice blend beverages, which were not part of the 1995 sale. We have a number of additional license arrangements worldwide, none of which is material to Dole and its subsidiaries, taken as a whole.

### Research and Development

Our research and development programs concentrate on sustaining the productivity of our agricultural lands, food safety, nutrition science, product quality, value-added product development, and packaging design. Agricultural research is directed toward sustaining and improving product yields and product quality by examining and improving agricultural practices in all phases of production (such as development of specifically adapted plant varieties, land preparation, fertilization, cultural practices, pest and disease control, post-harvesting, handling, packing and shipping procedures), and includes on-site technical services and the implementation and monitoring of recommended agricultural practices. Research efforts are also directed towards integrated pest management and biological pest control. We develop specialized machinery for various phases of agricultural production and packaging that reduce labor costs, increase efficiency and improve product quality. We conduct agricultural research at field facilities primarily in California, Hawaii, Latin America and Asia. 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 Agreement in California and the pending Agreement 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.

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Dole salad plants are sanitized and inspected daily. We wash our leafy greens three times in chilled, purified water that includes anti-bacterial chlorine exposure before thorough rinsing.

**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, 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.

**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 certain 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 tariff only import regime for bananas. The 2001 EC/U.S. Understanding on Bananas required the EU to implement a tariff only banana import system on or before January 1, 2006, and the EU s banana regime change was therefore expected by that date.

Banana imports from Latin America are subject to a tariff of 176 euro per metric ton for entry into the EU market. Under the EU s previous banana regime, banana imports from Latin America were subject to a tariff of 75 euro per metric ton and were also subject to import license requirements and volume quotas. License requirements and volume quotas had the effect of limiting access to the EU banana market.

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Although all Latin bananas are subject to a tariff of 176 euro per metric ton, the EC had allowed up to 775,000 metric tons of bananas from African, Caribbean, and Pacific ( ACP ) countries to be imported annually to the EU duty-free. This preferential treatment of a zero tariff on up to 775,000 tons of ACP banana imports, as well as the 176 euro per metric ton tariff applied to Latin banana imports, was challenged by Panama, Honduras, Nicaragua, and Colombia in consultation proceedings at the World Trade Organization ( WTO ). In addition, both Ecuador and the United States formally requested the WTO Dispute Settlement Body ( DSB ) to appoint panels to review the matter. In preliminary rulings on December 10, 2007 and February 6, 2008, the DSB ruled against the EU and in favor of Ecuador and the United States, respectively. The DSB publicly issued a final ruling maintaining its preliminary findings in favor of Ecuador on April 7, 2008 and publicly issued its final ruling maintaining its preliminary findings in favor of the United States on May 19, 2008.

The DSB issued its final and definitive written rulings in favor of Ecuador and the United States on November 27, 2008, concluding that the 176 euro per metric ton tariff is inconsistent with WTO trade rules. The DSB also considered that the prior duty-free tariff reserved for ACP countries was inconsistent with WTO trade rules but also recognized that, with the current entry into force of Economic Partnership Agreements ( EPAs ) between the EU and ACP countries, ACP bananas now may have duty-free, quota-free access to the EU market.

Dole expects that the current tariff applied to Latin banana imports will be lowered in order that the EU may comply with these DSB rulings and with the WTO trade rules. The DSB rulings did not indicate the amount the EU banana tariff should be lowered, and we encourage a timely resolution through negotiations among the EU, the U.S., and the Latin banana producing countries. Without the specifics of any proposed tariff reduction or the EU s proposed timetable for such tariff reduction, we cannot yet determine what potential effects this outcome will have for Dole; however, we believe that the DSB rulings were a favorable outcome in that the EU banana tariff should be lowered.

**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 certain 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 risk factors described elsewhere in this Form 10-K, you should consider the following risk factors. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known 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. Unfavorable growing conditions can reduce both crop size and crop quality. 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.

There can be no assurance that we will continue to compete effectively with our present and future competitors, and our ability to compete could be materially adversely affected by our leveraged position. See Item 1 Business.

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

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

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

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

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

Our earnings may be affected by seasonal factors, including:

the seasonality of our supplies and consumer demand;

the ability to process products during critical harvest periods; and

the timing and effects of ripening and perishability.

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

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

We distribute our products 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 2008 operating income by approximately $76 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.

**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 for 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 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 or settle 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 Item 3 Legal Proceedings DBCP Cases.

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

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

make it more difficult for us to satisfy our obligations, including the obligations relating to our debt 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;

- 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 debt security indentures, among other things, our ability to borrow additional funds.

**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 senior notes due 2010, our senior notes due 2011, our debentures due 2013 and our senior secured notes due 2014, 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.

We are subject to a springing covenant in our asset based lending revolving credit facility, which would only become effective if the availability under our revolving credit facility were to fall below $35 million for any eight consecutive business days, which it has never done during the life of such facility. As of the last day of the fiscal year ending January 3, 2009, we had $172.8 million of availability under our revolving credit facility. In the event that such availability were to fall below $35 million for such eight consecutive business day period, the springing covenant would require that our fixed charge coverage ratio, defined as (x) consolidated EBITDA for the four consecutive fiscal quarters then most recently ended, divided by (y) consolidated fixed charges for such four fiscal quarter period, equal or exceed 1.00:1.00. The most recent calculation of the fixed charge coverage ratio was performed as of the end of the fiscal year 2008, at which time the ratio equaled 1.38:1.00.

With respect to limitations on asset sales, we are permitted by our senior secured credit facilities and our note and debenture indentures to sell up to $100 million of any of our assets in any fiscal year, and we are permitted to sell an unlimited amount of additional assets that are not material to the operations of Dole Food Company, Inc. and its subsidiaries, so long as we comply, on a pro forma basis, with the first priority senior secured leverage ratio test set forth in the following paragraph, as of the last day of the most recently completed four fiscal quarter test period for which financial statements are available. In general, 75% of any asset sale proceeds must be in the form of cash, cash equivalents or replacement assets, and the proceeds must be reinvested in the business within 12 months (pending which they may be used to repay revolving debt) or used to permanently pay down term debt or revolving debt under our senior secured credit facilities.

In addition, pursuant to the recently adopted amendments to our senior secured term credit facility, we must keep our first priority senior secured leverage ratio at or below: 3.25 to 1.00 as of the last day of the fiscal quarters ending March 28, 2009 through October 10, 2009; 3.00 to 1.00 as of the last day of the fiscal quarters ending January 2, 2010 through March 26, 2011; 2.75 to 1.00 as of the last day of the fiscal quarters ending June 18, 2011 through March 24, 2012; and 2.50 to 1.00 as of the last day of the fiscal quarters ending June 16, 2012 through March 23, 2013. The first priority senior secured leverage ratio, for each such date, is the ratio of our Consolidated First Priority Secured Debt to our Consolidated EBITDA (as such terms are defined in the amended senior secured term credit facility) for the four consecutive fiscal quarter period most recently ended on or prior to such date. At January 3, 2009, the first priority senior secured leverage ratio would have been less than 3.00 to 1.00.

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 cross-default and cross-acceleration provisions, could result in a default under our other debt instruments. Upon the occurrence of an event of default under the senior secured credit facilities or any other debt instrument, lenders representing more than 50% of our senior secured term credit facility or more than 50% of our senior secured revolving credit facility, or the indenture trustees 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 assure you that our assets or cash flow would be sufficient to repay in full our outstanding indebtedness, in which event we likely would seek reorganization or protection under bankruptcy or other, similar laws.

**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 and results of operations. In addition, we cannot assure you that we would be able to take any of these actions on terms acceptable to us, or at all, that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of our various debt agreements, in any of which events the default and cross-default risks set forth in the immediately preceding risk factor would become relevant.

In connection with our recent refinancing of our 2009 senior notes, we amended our senior secured credit facilities in order to be able to grant liens under the senior secured notes due 2014. Such amendments, among other things, did the following: (i) increase the applicable margin for (x) the term loan facilities to LIBOR plus 5.00% or the base rate plus 4.00% subject to a 50 basis points step down if the priority senior secured leverage ratio is less than or equal to 1.75 to 1.00 and (y) for the revolving credit facility, to a range of LIBOR plus 3.00% to 3.50% or the base rate plus 2.00% to 2.50% and (ii) provide for a LIBOR floor of 3.00% per annum for our term loan facilities. The resulting increase in the interest rates under the senior secured credit facilities, as well as the increased interest rate of the 2014 notes as compared to the 2009 notes, will have a material effect upon our cash available to fund operations, make capital expenditures or repay our debt, as compared to prior periods.

Furthermore, our 7.25% senior notes are due on June 15, 2010. At present, $400 million in principal amount of these senior notes are outstanding. Although we are analyzing different refinancing and repayment alternatives, if they are not sufficient to refinance and/or repay all of the 2010 notes, and some of the 2010 notes remain outstanding after the maturity date, an event of default would occur under the indenture governing the 2010 notes. If such an event of default were to occur, it would constitute an event of default under the cross-default provisions of our other senior notes and debentures indentures and of our senior secured credit facilities, in which event the indenture trustee or holders of at least 25% of the senior notes or debentures of any series, or lenders representing more than 50% of our senior secured term credit facility or more than 50% of our senior secured revolving debt facility could give notice of acceleration with respect to such series or facility, as appropriate, in which event we likely would seek reorganization or protection under bankruptcy or other, similar laws.

**A breach of a covenant or other provision or failure to pay under our parent s loan agreement may result in a default under our senior secured credit facilities.**

Our parent, DHM Holding Company, Inc., entered into an amended and restated loan agreement for $135 million on March 17, 2008 in connection with its investment in Westlake Wellbeing Properties, LLC. The obligations under such loan agreement mature on March 3, 2010. In addition, a $20 million principal payment on the loan is due on June 17, 2009. Failure to make this payment when due would give lenders under this loan agreement the right to accelerate that debt. Because our parent is a party to our senior secured credit facilities, any failure of our parent to pay the $20 million principal payment by June 17, 2009 or any other default under the parent s agreement would result in a default under our senior secured credit facilities under the existing cross-default and cross-acceleration provisions set forth in those senior secured credit facilities. If such a default were to occur, our senior secured credit facilities could be declared due at the request of the lenders holding a majority of our senior secured debt under the applicable agreement and unless the default were waived we would no longer have the ability to request advances or letters of credit under our revolving credit facility. The acceleration of the indebtedness under our senior secured credit facilities would also allow the indenture trustees or holders of 25% or more in principal amount of any series of our notes or debentures the right to accelerate the maturity of such series. Although our parent has assured us that it expects to have sufficient funds available from its shareholders to timely make the $20 million principal payment by June 17, 2009, we cannot assure you that this will occur.

Pursuant to the indenture governing our newly issued 13.875% senior secured notes due 2014, Dole cannot pay a dividend (other than a stock dividend payable in qualified capital stock) if there is a continuing default or event of default, if our consolidated fixed charge coverage ratio would be less than or equal to 2.0:1.0 (as of January 3, 2009, it exceeded 2.25:1.00), or if the sum of all dividends paid after March 18, 2009 would exceed the sum of: $15 million; plus (after our 7.25% senior notes due 2010 are no longer outstanding, and only if our consolidated leverage ratio would be less than or equal to 4.00:1.00 (at January 3, 2009, that ratio exceeded 5.00:1.00)) 50% of our cumulative consolidated net income (or, if negative, 100% of such loss) beginning March 29, 2009; plus 100% of the value of any contribution to capital received or proceeds from the issuance of qualified capital stock (or, from the sale of warrants, options, or other rights to acquire the same); plus 100% of the net cash proceeds of any equity contribution received from a holder of our capital stock; plus the aggregate amount returned in cash on or with respect to investments (other than Permitted Investments, as defined in the indenture) made after March 18, 2009; plus the value we receive from the disposition of all or any portion of such investments; plus the fair market value of any unrestricted subsidiary that is redesignated as a restricted subsidiary. Dole currently expects that as a result of these provisions the amount of dividends that Dole will be able to pay will be limited to no more than $15 million in 2009. In the event that our parent does not receive sufficient funds from its shareholders to make the entire $20 million payment by June 17, 2009 described above, there can be no assurance that we would be able to make a dividend to our parent to cover any such shortfall, in which event the consequences set forth in the first paragraph of this risk factor would occur.

As noted above, upon the occurrence of an event of default under the senior secured credit facilities, the lenders could elect to declare all amounts outstanding to be immediately due and payable and 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 to secure the indebtedness. If the lenders under our current or future indebtedness accelerate the payment of the indebtedness or if any amounts are accelerated under our existing senior notes, we cannot assure you that our assets or cash flow would be sufficient to repay in full our outstanding indebtedness, in which event we likely would seek reorganization or protection under bankruptcy or other, similar laws.

**We may not have sufficient funds, or be permitted by our senior secured credit facilities, to repurchase our senior notes due 2010, our senior notes due 2011, our debentures due 2013 and/or our senior secured notes due 2014 upon a change of control.**

In the event of a change of control (as defined in the indentures governing our notes and debentures), we must offer to purchase the notes and debentures at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase. In the event that we are required to make such an offer, there can be no assurance that we would have sufficient funds available to purchase all or any of the notes or debentures, and we may be required to refinance them. There can be no assurance that we would be able to accomplish a refinancing or, if a refinancing were to occur, that it would be accomplished on commercially reasonable terms.

Our senior secured credit facilities prohibit us from repurchasing any of our notes or debentures, except under limited circumstances. Our senior secured credit facilities also provide that certain change of control events would constitute an event of default. In the event a change of control occurs at a time when we are prohibited from purchasing our notes and debentures, we could seek the consent of the lenders under our senior secured credit facilities to purchase notes and debentures. If we did not obtain such a consent, we would remain prohibited from purchasing the notes and debentures. In this case, our failure to so purchase would constitute an event of default under the indentures governing the notes and debentures. The cross-default provisions in our senior secured credit facilities and in the indentures governing our debt securities have been described in the preceding risk factors.

The change of control provisions in the indentures governing our notes and debentures may not be triggered in the event we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control under the definition set forth in the indentures. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change in the magnitude required under the definition of change of control in the indentures to trigger our obligation to repurchase the notes and debentures. Except as otherwise described above, the indentures do not contain provisions that permit the holders of the notes and debentures to require us to repurchase or redeem the notes or debentures in the event of a takeover, recapitalization or similar transaction.

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

As of January 3, 2009, $1.0 billion, or 47% of our total indebtedness, was subject to variable interest rates. If we borrow additional amounts under the revolving portion of our senior secured credit facilities, the interest rates on those borrowings may vary depending on the base rate or Eurodollar Rate (LIBOR). A 1% increase in the weighted average interest rates on our variable rate debt outstanding as of January 3, 2009, would result in higher interest expense of approximately $10 million per year.

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

A portion of our senior secured credit facilities have been incurred by our foreign subsidiaries and were used to fund the going-private merger transactions in 2003 through which Mr. Murdock became our sole, indirect stockholder. Although we believe, based in part upon the advice of our tax advisors, that our tax treatment of such transactions was appropriate, it is possible that the Internal Revenue Service could seek to characterize the going-private merger and related financing transactions in a manner that could result in the immediate recognition of taxable income by us. These transactions are currently being reviewed by the Internal Revenue Service as part of our 2003 federal income tax audit. Any immediate recognition of taxable income would result in utilization of available tax losses, and could also potentially result in a material tax liability, which could have a material adverse effect on our business, results of operations and 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:

- foreign countries could change laws and regulations or impose currency restrictions and other restraints;
- in some countries, there is a risk that the government may expropriate assets;
- some countries impose burdensome tariffs and quotas;
- political changes and economic crises may lead to changes in the business environment in which we operate;
- international conflict, including terrorist acts, could significantly impact our business, financial condition and results of operations;
- 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.

Banana imports from Latin America are subject to a tariff of 176 euros per metric ton for entry into the EU market. Under the EU s previous banana regime, banana imports from Latin America were subject to a tariff of 75 euros per metric ton and were also subject to both import license requirements and volume quotas. These license requirements and volume quotas had the effect of limiting access to the EU banana market. The increase in the applicable tariff and the elimination of the volume restrictions applicable to Latin American bananas may increase volatility in the market, which could materially adversely affect our business, results of operations or financial condition. See Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operation Other Matters.

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 Item 3 Legal Proceedings.

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

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

On December 3, 2008, the EC agreed in writing that if Dole made an initial payment of $10 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.

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 initial payment and provision of a prime bank guaranty could materially impact our liquidity. We cannot predict the timing or outcome of our appeal of the European Commission s Decision. See Item 3 Legal Proceedings European Union Antitrust Inquiry.

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

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

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

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

**We are subject to the risk of 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. 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 in an amount which we believe to be adequate. 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.

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**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.

**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 and financial condition.

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

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

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

As of January 3, 2009, approximately 35% of our employees worldwide worked under various collective bargaining agreements. Some of our collective bargaining agreements will expire in fiscal 2009. Our other collective bargaining agreements will expire in later years. While we believe that our relations with our employees are good, we cannot assure you 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.

## 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, from an affiliate.

Our Hawaii operations are located on the island of Oahu and total approximately 26,000 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 January 3, 2009, approximately 9,000 acres were classified as assets held-for-sale. Other Hawaii land parcels are currently under evaluation for potential sale.

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We own approximately 1,300 acres of farmland in California, and lease approximately 12,600 acres of farmland in California and 4,300 acres in Arizona in connection with our vegetable and berry operations. The majority of this acreage is farmed under joint growing arrangements with independent growers, while we farm the remainder. We own cooling, packing and shipping facilities in Marina, Gonzales and Huron, California. Additionally, we have partnership interests in facilities in Yuma, Arizona and Salinas, California, and leases in facilities in the following California cities: Oxnard, Monterey and Watsonville. We own and operate state-of-the-art, packaged salad and vegetable plants in Yuma, Arizona, Soledad, California, Springfield, Ohio and Bessemer City, North Carolina.

We own approximately 2,700 acres of peach orchards in California of which we farm 1,300 acres. At January 3, 2009, approximately 600 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 33,600 acres in Costa Rica, 3,900 acres in Ecuador and 28,400 acres in Honduras, all related to banana production, although some of the acreage is not presently under production.

During the fourth quarter of 2008, we entered into a binding letter of intent to sell certain portions of our Latin American banana operations. The related assets and liabilities from these operations were reclassified to held-for-sale during the fourth quarter of 2008. The net book value of the Latin banana operations that we have agreed to sell is approximately $18 million, and the sale closed during the first quarter of 2009.

We own approximately 8,100 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 and citrus. Pineapple is grown primarily for the fresh produce market.

We grow grapes, stone fruit, kiwi and pears on approximately 1,900 acres owned or leased by us in Chile. We own or operate 11 packing and cold storage facilities, a corrugated box plant and a wooden box plant in Chile. In addition, we operate a fresh-cut salad plant and a small local fruit distribution company in Chile. We own or operate a packing and cooling plant and a local fruit distribution company in Argentina.

We also own and operate corrugated box plants in Costa Rica, Ecuador and Honduras.

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.

Dole Latin America operates a fleet of seven refrigerated container ships, of which four are owned, two are under long-term capital leases and one is long-term chartered. In addition, Dole Latin America operates a fleet of 17 breakbulk refrigerated ships, of which seven are owned, nine are long-term chartered and one is chartered for one year. 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 14,800 refrigerated containers, 2,000 dry containers, 5,900 chassis and 4,800 generator sets worldwide.

***Asia***

We operate a pineapple plantation of approximately 33,900 leased acres in the Philippines. Approximately 18,500 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 15,400 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.

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

We produce bananas and papaya from 32,400 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, The People s Republic of China, the Philippines and New Zealand.

Bananas are also grown on 1,000 acres of leased land in Australia.

Additionally, we source products from over 1,100 Japanese farmers through independent growing arrangements.

***Europe***

We maintain our European headquarters in Paris, France and have major regional offices in Antwerp, Belgium, Prague, Czech Republic, Hamburg, Germany, Lübeck, Germany, Milan, Italy, Madrid, Spain, Athens, Greece, Helsingborg, Sweden and Cape Town, South Africa, which are leased from third parties.

We operate and own one banana ripening, produce and flower distribution center in Sweden, two banana ripening and produce distribution facilities in Spain, two in Germany, one in Turkey and one in Italy. We also operate and lease three banana ripening, produce and flower distribution centers in Sweden, four banana ripening and produce distribution facilities in Spain, one in Portugal, three in Italy, one in Belgium, two in Austria, and three in Germany. We have a minority interest in a French company, Compagnie Fruitière, that owns a majority interest in banana and pineapple plantations in Cameroon, Ghana and the Ivory Coast. During the fourth quarter of 2008, Compagnie Fruitière acquired our JP Fresh subsidiary in the United Kingdom and Dole France subsidiary which operate banana ripening and distribution facilities. We are also the majority owner in a company operating a port terminal and distribution facility in Livorno, Italy.

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

## Item 3. *Legal Proceedings*

We are involved from time to time in claims and legal actions incidental to our operations, both as plaintiff and defendant. We have 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 we are a party are not expected to have a material adverse effect, individually or in the aggregate, on our financial condition or results of operations.

*DBCP Cases:* A significant portion of the Company 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 Dow and Shell and registered by the U.S. government for use on food crops. The Company 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. The Company 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 249 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 150 labor cases pending in Costa Rica under that country s national insurance program.

Thirty-three of the 249 lawsuits are currently pending in various jurisdictions in the United States. Eighteen lawsuits in Los Angeles Superior Court brought by foreign workers who alleged exposure to DBCP in countries where Dole did not even have operations during the relevant period, are to be dismissed without prejudice by March 30, 2009 pursuant to a tolling agreement which terminates on December 31, 2012. Two additional lawsuits in Texas and in Hawaii were also dismissed. On April 21-23, 2009 the Los Angeles Superior Court will hold a scheduled hearing on an order to show cause as why the two pending lawsuits (including the case with a previous trial date of September 10, 2009) brought by Nicaraguan plaintiffs should not be terminated with prejudice, pursuant to the court s stated inherent power and responsibility to terminate litigation if deliberate and egregious misconduct makes any sanctions other than dismissal inadequate to ensure a fair trial. One of two U.S. law firms representing the plaintiffs in these two pending lawsuits has filed a notice of discharge of attorneys of record; and the second law firm has filed a motion to be relieved as counsel for the plaintiffs. Another case pending in Hawaii Superior Court with 10 plaintiffs from Costa Rica, Guatemala, Ecuador and Panama currently has a trial date of January 18, 2010. The remaining cases are pending in Latin America and the Philippines. Claimed damages in DBCP cases worldwide total approximately $44.5 billion, with lawsuits in Nicaragua representing approximately 88% of this amount. Typically in these cases the Company 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 the Company.

One case pending in Los Angeles Superior Court with 12 Nicaraguan plaintiffs initially resulted in verdicts which totaled approximately $5 million in damages against Dole in favor of six of the plaintiffs. As a result of the court s March 7, 2008 favorable rulings on Dole s post-verdict motions, including, importantly, the court s decision striking down punitive damages in the case on U.S. Constitutional grounds, the damages against Dole have now been reduced to $1.58 million in total compensatory awards to four of the plaintiffs; and the court granted Dole s motion for a new trial as to the claims of one of the plaintiffs. The parties in this lawsuit have filed appeals. Once the court makes its determination of costs, the Company will file an appeal bond, which will further stay the judgment pending the resolution of the appeal. Additionally, the court appointed a mediator to explore possible settlement of all DBCP cases currently pending before the court.

In Nicaragua, 196 cases are currently filed (of which 20 are active) in various courts throughout the country, all but one of which were brought pursuant to Law 364, an October 2000 Nicaraguan statute that contains substantive and procedural provisions that Nicaragua s Attorney General formally opined are unconstitutional. In October 2003, the Supreme Court of Nicaragua issued an advisory opinion, not connected with any litigation, that Law 364 is constitutional. Thirty-two cases have resulted in judgments in Nicaragua: $489.4 million (nine cases consolidated with 468 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 86 claimants) on June 15, 2004; $27.7 million (one case with 39 claimants) on March 17, 2005; $98.5 million (one case with 150 claimants) on August 8, 2005; $46.4 million (one case with 62 claimants) on August 20, 2005; $809 million (six cases consolidated with 1,248 claimants) on December 1, 2006; $38.4 million (one case with 192 claimants) on November 14, 2007; and $357.7 million (eight cases with 417 claimants) on January 12, 2009, which the Company recently learned of unofficially. Except for the latest one, the Company has appealed all judgments, with Dole s appeal of the August 8, 2005 $98.5 million judgment and of the December 1, 2006 $809 million judgment currently pending before the Nicaragua Court of Appeal. Dole will appeal the $357.7 million judgment once it has been served.

The 20 active cases are currently pending in civil courts in Managua (9), Chinandega (10) and Puerto Cabezas (1), all of which have been brought under Law 364 except for one of the cases pending in Chinandega. In 2 of the 9 cases in Managua (Dole has not been ordered to answer in seven cases), the Company has sought to have the cases returned to the United States pursuant to Law 364. Dole s requests are still pending and the Company expects to make similar requests in the remaining seven cases at the appropriate time. In four of the 10 cases in Chinandega (Dole has not been ordered to answer in six cases), the Company has sought to have the cases returned to the United

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States pursuant to Law 364. In one case, the Chinandega court has ordered the plaintiffs to respond to our request; in two cases, the court had denied the Company s requests, and Dole has appealed that decision; and in the other case, the court has not yet ruled on Dole s request. In the one case in Puerto Cabezas, the Company has sought to have the case returned to the United States, and Dole has appealed the court s denial of the Company s request.

The claimants attempted enforcement of the December 11, 2002 judgment for $489.4 million in the United States resulted in a dismissal with prejudice of that action by the United States District Court for the Central District of California on October 20, 2003. The claimants have voluntarily dismissed their appeal of that decision, which was pending before the United States Court of Appeals for the Ninth Circuit. Defendants motion for sanctions against Plaintiffs counsel is still pending before the Court of Appeals in that case. A Special Master appointed by the Court of Appeals has recommended that Plaintiffs counsel be ordered to pay Defendants fees and costs up to $130,000 each to Dole and the other two defendants; and following such recommendation, the Court of Appeals has appointed a special prosecutor.

Claimants have also sought to enforce the Nicaraguan judgments in Colombia, Ecuador, and Venezuela. In addition, there is one case pending in the U.S. District Court in Miami, Florida seeking enforcement of the August 8, 2005 $98.5 million Nicaraguan judgment. This case is currently stayed. In Venezuela, the claimants have attempted to enforce five of the Nicaraguan judgments in that country s Supreme Court: $489.4 million (December 11, 2002); $82.9 million (February 25, 2004); $15.7 million (May 25, 2004); $56.5 million (June 14, 2004); and $64.8 million (June 15, 2004). These cases are currently inactive. An action filed to enforce the $27.7 million Nicaraguan judgment (March 17, 2005) in the Colombian Supreme Court was dismissed. In Ecuador, the claimants attempted to enforce the five Nicaraguan judgments issued between February 25, 2004 through June 15, 2004 in the Ecuador Supreme Court. The First, Second and Third Chambers of the Ecuador Supreme Court issued rulings refusing to consider those enforcement actions on the ground that the Supreme Court was not a court of competent jurisdiction for enforcement of a foreign judgment. The plaintiffs subsequently refiled those five enforcement actions in the civil court in Guayaquil, Ecuador. Two of these subsequently filed enforcement actions have been dismissed by the 3rd Civil Court $15.7 million (May 25, 2004) and the 12th Civil Court $56.5 million (June 14, 2004) in Guayaquil; plaintiffs have sought reconsideration of those dismissals. The remaining three enforcement actions are still pending.

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

On October 23, 2006, Dole announced that Standard Fruit de Honduras, S.A. reached an agreement with the Government of Honduras and representatives of Honduran banana workers. This agreement establishes a Worker Program that is intended by the parties to resolve in a fair and equitable manner the claims of male banana workers alleging sterility as a result of exposure to DBCP. The Honduran Worker Program will not have a material effect on Dole s financial condition 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, the Company has denied liability and asserted substantial defenses. While Dole believes there is no reliable scientific basis for alleged injuries from the agricultural field application of DBCP, Dole continues to seek reasonable resolution of other pending litigation and claims in the U.S. and Latin America. For example, as in Honduras, Dole is committed to finding a prompt resolution to the DBCP claims in Nicaragua, and is prepared to pursue a structured worker program in Nicaragua with science-based criteria. 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 the Company s financial condition or results of operations.

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

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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. On November 28 and 29, 2007, the EC conducted searches of certain of the Company s offices in Italy and Spain, as well as of other companies offices located in these countries.

Dole received the Decision on October 21, 2008 and appealed the Decision on December 24, 2008.

On December 3, 2008, the EC agreed in writing that if Dole makes an initial payment of $10 million to the EC on or before January 22, 2009, the EC will 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 ( 7.6 million) payment on January 21, 2009 and it will be included in other assets in the Company s first quarter 2009 consolidated balance sheet.

Although no assurances can be given, and although there could be a material adverse effect on the Company, the Company 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 the Company cannot determine at this time the amount of probable loss, if any, incurred as a result of the Decision.

*Honduran Tax Case:* In 2005, the Company 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. 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, the Company 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. 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 the Company s financial condition or results of operations.

*Hurricane Katrina Cases:* Dole was one of a number of parties sued, including the Mississippi State Port Authority as well as other third-party terminal operators, in connection with the August 2005 Hurricane Katrina. The plaintiffs asserted that they suffered property damage because of the defendants alleged failure to reasonably secure shipping containers at the Gulfport, Mississippi port terminal before Hurricane Katrina hit. Dole prevailed in its motions to dismiss several of these cases, and the remainder were voluntarily withdrawn. No further litigation is pending against the Company related to Hurricane Katrina, and any new claims would now be time-barred.

*Spinach E. coli Outbreak:* On September 15, 2006, Natural Selection Foods LLC recalled all packaged fresh spinach that Natural Selection Foods produced and packaged with Best-If-Used-By dates from August 17 through October 1, 2006, because of reports of illness due to E. coli O157:H7 following consumption of packaged fresh spinach produced by Natural Selection Foods. These packages were sold under 28 different brand names, only one of which was ours. At that time, Natural Selection Foods produced and packaged all of our spinach items. Dole has no ownership or other economic interest in Natural Selection Foods.

The U.S. Food and Drug Administration announced on September 29, 2006 that all spinach implicated in the current outbreak has traced back to Natural Selection Foods. The FDA stated that this determination was based on epidemiological and laboratory evidence obtained by multiple states and coordinated by the Centers for Disease

Control and Prevention. The trace back investigation has narrowed to four implicated fields on four ranches. FDA and the State of California announced October 12, 2006 that the test results for certain samples collected during the field investigation of the outbreak of E. coli O157:H7 in spinach were positive for E. coli O157:H7. Specifically, samples of cattle feces on one of the implicated ranches tested positive based on matching genetic fingerprints for the same strain of E. coli O157:H7 found in the infected persons. To date, 204 cases of illness due to E. coli O157:H7 infection have been reported to the Centers for Disease Control and Prevention (203 in 26 states and one in Canada) including 31 cases involving a type of kidney failure called Hemolytic Uremic Syndrome (HUS), 104

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hospitalizations, and three deaths. The vast majority of the spinach E. coli O157:H7 claims were handled outside the formal litigation process, and Dole expects that to continue to be true for the few remaining claims. Since Natural Selection Foods, not Dole, produced and packaged the implicated spinach products, Dole has tendered the defense of these and other claims to Natural Selection Foods and its insurance carriers and has sought indemnity from Natural Selection Foods, based on the provisions of the contract between Dole and Natural Selection Foods. The company (and its insurance carriers) that grew the implicated spinach for Natural Selection Foods is involved in the resolution of the E. coli O157:H7 claims. Dole expects that the spinach E. coli O157:H7 matter will not have a material adverse effect on Dole s financial condition or results of operations.

### Item 4. *Submission of Matters to a Vote of Security Holders*

There were no matters submitted to a vote of security holders during the fiscal quarter ended January 3, 2009.

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## PART II

**Item 5.** ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

All 1,000 authorized shares of Dole s common stock are held by one stockholder, Dole Holding Company, LLC, which itself is a direct, wholly-owned subsidiary of DHM Holding Company, Inc., of which David H. Murdock is the 100% beneficial owner. There are no other Dole equity securities. There is no market for Dole s equity securities.

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

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**Item 6.** ***Selected Financial Data***

| | Year Ended January 3, 2009 | Year Ended December 29, 2007 | Year Ended December 30, 2006 (In millions) | Year Ended December 31, 2005 | Year Ended January 1, 2005 |
|---|---|---|---|---|---|
| **Summary of Operations** | | | | | |
| Revenues, net | $ 7,620 | $ 6,821 | $ 5,991 | $ 5,638 | $ 5,093 |
| Operating income | 275 | 149 | 136 | 229 | 308 |
| Income (loss) from continuing operations before income taxes, minority interests and equity earnings | 93 | (36) | (16) | 87 | 151 |
| Income (loss) from continuing operations, net of income taxes | 145 | (42) | (42) | 45 | 130 |
| Income (loss) from discontinued operations, net of income taxes | (27) | (16) | (50) | (1) | 5 |
| Gain on disposal of discontinued operations, net of income taxes | 3 | | 3 | | |
| Net income (loss) | 121 | (58) | (90) | 44 | 135 |
| **Balance Sheet and Other Information** | | | | | |
| Working capital | $ 531 | $ 694 | $ 688 | $ 538 | $ 425 |
| Total assets | 4,365 | 4,643 | 4,612 | 4,413 | 4,327 |
| Long-term debt | 1,799 | 2,316 | 2,316 | 2,001 | 1,837 |
| Total debt | 2,204 | 2,411 | 2,364 | 2,027 | 1,869 |
| Total shareholders equity | 403 | 325 | 341 | 623 | 685 |
| Cash dividends paid to parent | | | 164 | 77 | 20 |
| Proceeds from sales of assets and businesses, net | 226 | 42 | 31 | 19 | 11 |
| Capital additions | 77 | 107 | 119 | 146 | 102 |
| Depreciation and amortization | 139 | 156 | 149 | 150 | 145 |

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

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

**2008 Overview**

Significant highlights for Dole Food Company, Inc. and its consolidated subsidiaries ( Dole or the Company ) for the year ended January 3, 2009 were as follows:

Revenues increased in all three of the Company s operating segments resulting in record revenues of $7.6 billion, an increase of 12% compared to the prior year.

Operating income increased to $275 million, an improvement of 84% compared to the prior year.

Strong worldwide pricing for bananas was driven by higher worldwide demand and adverse weather conditions which led to product shortages during 2008.

Revenues and earnings grew in our European ripening and distribution business, due to higher local pricing and favorable euro and Swedish krona foreign currency exchange rates.

Higher pricing and volumes as well as improved utilization in production and more efficient distribution contributed to improved operating results in our packaged salads business. Earnings in our North America commodity vegetable business decreased as a result of lower sales and higher growing costs due to higher fuel and fertilizer costs.

Higher pricing and volumes in our packaged foods segment were offset by higher product, shipping and distribution costs. Product costs during 2008 were impacted by an increase in commodity costs as well as the strengthening of the Thai baht and Philippine peso against the U.S. dollar.

Other income (expense), net decreased $15.9 million due to an increase in the non-cash unrealized loss of $39.7 million on the Company s cross currency swap partially offset by an increase in the non-cash unrealized translation gain of $22.7 million on a British pound sterling denominated vessel lease obligation ( vessel obligation ) due to the weakening of the British pound sterling against the U.S. dollar in 2008. During 2006, the Company executed a cross currency swap to synthetically convert $320 million of Term Loan C into Japanese yen denominated debt. The increase in the non-cash unrealized loss of $39.7 million was the result of the Japanese yen strengthening against the U.S. dollar by 20% during fiscal 2008. The value of the cross currency swap will continue to fluctuate based on changes in the exchange rate and market interest rates until maturity in 2011, at which time it will settle at the then current exchange rate.

The Company received cash proceeds of approximately $226.5 million for assets sold during fiscal 2008, including $214 million for assets which had been reclassified as held-for-sale. The total realized gain recorded on assets classified as held-for-sale was $18 million for the year ended January 3, 2009. The Company also realized gains of $9 million during fiscal 2008 on sales of assets not classified as held-for-sale.

During the first quarter of 2009, the Company closed the first phase of the sale of its fresh-cut flowers business ( Flowers transaction ), closed the sale of certain banana properties in Latin America and closed the sale of certain vegetable property in California. The Company has received net cash proceeds of approximately $83 million from these three transactions.

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**Results of Operations**

Selected results of operations for the years ended January 3, 2009, December 29, 2007 and December 30, 2006 were as follows:

| | Year Ended January 3, 2009 | Year Ended December 29, 2007 (In thousands) | Year Ended December 30, 2006 |
|---|---|---|---|
| Revenues, net | $ 7,619,952 | $ 6,820,812 | $ 5,990,863 |
| Operating income | 274,618 | 149,284 | 135,978 |
| Other income (expense), net | (14,066) | 1,848 | 15,176 |
| Interest expense | (174,485) | (194,851) | (174,715) |
| Income taxes | 48,015 | (4,054) | (22,609) |
| Minority interests, net of income taxes | (1,844) | (3,235) | (3,202) |
| Equity in earnings of unconsolidated subsidiaries | 6,388 | 1,696 | 177 |
| Loss from discontinued operations, net of income taxes | (27,391) | (15,719) | (50,386) |
| Gain on disposal of discontinued operations, net of income taxes | 3,315 | | 2,814 |
| Net income (loss) | 121,005 | (57,506) | (89,627) |

***Revenues***

For the year ended January 3, 2009, revenues increased 12% to $7.6 billion from $6.8 billion in the prior year. Higher sales were reported in all three of the Company s operating segments. Fresh fruit revenues increased as a result of higher worldwide sales of bananas which contributed $392 million, or 49% of the overall revenue increase. Banana sales benefited from stronger pricing in all markets as well as improved volumes in Asia. European ripening and distribution sales contributed $227 million, or 28% of the overall revenue increase. The increase was attributable to higher local pricing, improved volumes and the impact of favorable euro and Swedish krona foreign currency exchange rates. Fresh vegetables sales increased $27 million as a result of higher pricing and improved volumes of packaged salads and strawberries sold in North America. Higher worldwide sales of packaged foods products, primarily for FRUIT BOWLS®, canned pineapple and frozen fruit accounted for approximately $108 million or 13% of the overall revenues increase. Revenues also benefited from an additional week as a result of a 53-week year in 2008 compared to 52 weeks in 2007. The impact on revenues of this additional week was approximately $113 million. Favorable foreign currency exchange movements in the Company s selling locations positively impacted revenues by approximately $175 million. These increases were partially offset by lower volumes of lettuce sold in North America and broccoli sold in Asia.

For the year ended December 29, 2007, revenues increased 14% to $6.8 billion from $6 billion in the prior year. Higher worldwide sales of fresh fruit and packaged foods products in North America and Europe drove the increase in revenues during 2007. Higher volumes of bananas and pineapples accounted for approximately $222 million or 27% of the overall revenues increase. Higher revenues in the Company s European ripening and distribution operations contributed an additional $528 million. This increase in the ripening and distribution business was due to the acquisition of the remaining 65% ownership in JP Fruit Distributors Limited ( JP Fresh ) that the Company did not previously own in October 2006 as well as higher volumes in the Company s Swedish, Spanish and Eastern European operations. JP Fresh increased 2007 revenues by approximately $230 million. Higher sales of packaged foods products, primarily for FRUIT BOWLS, fruit in plastic jars and frozen fruit accounted for approximately $85 million or 10% of the overall revenues increase. Favorable foreign currency exchange movements in the Company s selling locations also positively impacted revenues by approximately $171 million. These increases were partially offset by a reduction in fresh vegetables sales due to lower volumes of commodity vegetables sold in North America and Asia.

***Operating Income***

For the year ended January 3, 2009, operating income was $274.6 million compared with $149.3 million in 2007. The fresh fruit and fresh vegetables operating segments reported higher operating income. Fresh fruit

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operating results increased primarily as a result of strong pricing in the Company s banana operations worldwide and in the European ripening and distribution business. In addition, fresh fruit operating income benefited from gains on asset sales of $25.5 million. Fresh vegetables reported higher earnings due to improved pricing and volumes in the packaged salads business as well as a reduction in workers compensation related accruals. These improvements were partially offset by lower earnings in the Company s packaged foods segment and North American commodity vegetables business. Commodity vegetables earnings decreased mainly due to lower sales and higher growing and distribution costs caused by substantially higher fuel and fertilizer costs. Packaged foods operating income was lower due to higher product costs resulting from increased purchased fruit costs, commodity and shipping costs as well as unfavorable foreign currency exchange rate movements in Thailand and the Philippines. Additionally, all three operating segments continued to experience significant cost increases in many of the commodities they used in production, including fuel, agricultural chemicals, tinplate, containerboard and plastic resins. If foreign currency exchange rates in the Company s significant foreign operations during 2008 had remained unchanged from those experienced in 2007, the Company estimates that its operating income would have been lower by approximately $38 million, excluding the impact of hedging. The $38 million is primarily related to favorable foreign currency exchange movements in the Company s selling locations more than offsetting unfavorable foreign currency exchange movements in the Company s sourcing locations. Operating income in 2008 also included realized foreign currency transaction losses of $4 million and foreign currency hedge losses of $16 million. In addition, the Company settled early its Canadian dollar hedge which generated a gain of $4 million.

For the year ended December 29, 2007, operating income was $149.3 million compared with $136 million in 2006. The increase was primarily attributable to improved operating results in the Company s banana operations worldwide which benefited from stronger pricing and higher volumes. In addition, operating income improved in the European ripening and distribution business due to the absence of restructuring costs of $12.8 million. These improvements were partially offset by lower earnings in the Company s packaged salads business and packaged foods segment primarily due to higher product costs. Packaged salads operating results were impacted by higher manufacturing costs due in part to the opening of a new plant in North Carolina. Packaged foods operating income was lower due to higher product costs resulting from higher third party purchased fruit costs in Thailand and higher commodity costs. Unfavorable foreign currency exchange movements, principally in Thailand and in the Philippines, also increased sourcing costs. In addition, all of the Company s reporting segments were impacted by higher product, distribution and shipping costs, due to higher commodity costs. Unfavorable foreign currency movements in the Company s international sourcing locations more than offset favorable foreign currency exchange movements in its international selling locations. If foreign currency exchange rates in the Company s significant foreign operations during 2007 had remained unchanged from those experienced in 2006, the Company estimates that its operating income would have been higher by approximately $7 million, excluding the impact of hedging. Operating income in 2007 also included realized foreign currency transaction gains of $7 million and foreign currency hedge losses of $10 million. The Company also settled early its Philippine peso and Colombian peso hedges, which generated gains of $11 million.

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

Other income (expense), net was expense of $14.1 million in 2008 compared to income of $1.8 million in 2007. The change was due to an increase in the unrealized loss generated on the Company s cross currency swap of $39.7 million, partially offset by an increase in the unrealized foreign currency exchange gain on the Company s vessel obligation of $22.7 million.

Other income (expense), net decreased to income of $1.8 million in 2007 from income of $15.2 million in 2006. The decrease was due to a reduction in the gain generated on the Company s cross currency swap of $22.7 million, partially offset by a reduction in the unrealized foreign currency exchange loss on the Company s vessel obligation of $9.2 million.

***Interest Expense***

Interest expense for the year ended January 3, 2009 was $174.5 million compared to $194.9 million in 2007. The decrease was primarily related to lower borrowing rates on the Company s debt facilities and a reduction in borrowings.

Interest expense for the year ended December 29, 2007 was $194.9 million compared to $174.7 million in 2006. The increase was primarily related to higher levels of borrowings during 2007 on the Company s term loan facilities and the asset based revolving credit facility.

***Income Taxes***

The Company recorded an income tax benefit of $48 million on $92.5 million of income from continuing operations before income taxes for the year ended January 3, 2009, reflecting a (51.9%) effective tax rate for the year. Income tax expense decreased $52 million in 2008 compared to 2007 due primarily to the settlement of the federal income tax audit for the years 1995 to 2001. The effective tax rate in 2007 was (11.2%). The Company 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 2008, the Company s income tax provision differs from the U.S. federal statutory rate applied to the Company s pretax income due to the settlement of the federal income tax audit, operations in foreign jurisdictions that are taxed at a rate lower than the U.S. federal statutory rate offset by the accrual for uncertain tax positions.

Income tax expense for the year ended December 29, 2007 decreased to $4.1 million from $22.6 million in 2006 primarily due to a shift in the mix of earnings in foreign jurisdictions taxed at a lower rate than in the U.S. The effective tax rate in 2006 was (137.7%). For 2007 and 2006, the Company s income tax provision differs from the U.S. federal statutory rate applied to the Company s pretax losses due to operations in foreign jurisdictions that are taxed at a rate lower than the U.S. federal statutory rate offset by the accrual for uncertain tax positions.

For 2008, 2007 and 2006, the Company has not provided for U.S. federal income and foreign withholding taxes for nearly all of the excess of the amount for financial reporting over the tax basis of investments that are essentially permanent in duration. While the Company believes that such excess at January 3, 2009 will remain indefinitely invested at this time, if significant differences arise between the Company s anticipated and actual earnings estimates and cash flow requirements, the Company may be required to provide U.S. federal income tax and foreign withholding taxes on a portion of such excess. Further, the Company currently projects that it may be required to provide such taxes on a portion of its anticipated fiscal 2009 foreign earnings, which would result in an increase in the Company s overall effective tax rate in 2009 versus the rate experienced by the Company in previous years.

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

***Equity in Earnings of Unconsolidated Subsidiaries***

Equity in earnings of unconsolidated subsidiaries for the year ended January 3, 2009 increased to $6.4 million from $1.7 million in 2007. The increase was primarily related to higher earnings generated by a European equity investment in which the Company holds a non-controlling 40% ownership interest.

Equity in earnings of unconsolidated subsidiaries for the year ended December 29, 2007 increased to $1.7 million from $0.2 million in 2006. The increase was primarily related to higher earnings generated by a European equity investment in which the Company holds a non-controlling 40% ownership interest.

**Segment Results of Operations**

The Company 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.

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

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

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| | | (In thousands) | |
| Revenues from external customers | | | |
| Fresh fruit | $ 5,401,145 | $ 4,736,902 | $ 3,968,963 |
| Fresh vegetables | 1,086,888 | 1,059,401 | 1,082,416 |
| Packaged foods | 1,130,791 | 1,023,257 | 938,336 |
| Corporate | 1,128 | 1,252 | 1,148 |
| | $ 7,619,952 | $ 6,820,812 | $ 5,990,863 |
| EBIT | | | |
| Fresh fruit | $ 305,782 | $ 170,598 | $ 103,891 |
| Fresh vegetables | 1,123 | (21,725) | (7,301) |
| Packaged foods | 69,100 | 78,492 | 91,392 |
| Total operating segments | 376,005 | 227,365 | 187,982 |
| Corporate: | | | |
| Unrealized gain (loss) on cross currency swap | (50,411) | (10,741) | 20,664 |
| Operating and other expenses | (54,043) | (59,506) | (53,377) |
| Total Corporate | (104,454) | (70,247) | (32,713) |
| Interest expense | (174,485) | (194,851) | (174,715) |
| Income taxes | 48,015 | (4,054) | (22,609) |
| Income (loss) from continuing operations, net of income taxes | $ 145,081 | $ (41,787) | $ (42,055) |

***2008 Compared with 2007***

*Fresh Fruit:* Fresh fruit revenues in 2008 increased 14% to $5.4 billion from $4.7 billion in 2007. The increase in fresh fruit revenues was primarily driven by higher worldwide sales of bananas and higher sales in the European ripening and distribution operation. In addition, sales of Chilean deciduous fruit and fresh pineapple also increased. Banana sales increased approximately $392 million due to higher pricing worldwide and increased volumes sold in Asia. Higher demand for bananas, product shortages and higher fuel costs contributed to an increase in banana pricing and surcharges during 2008. European ripening and distribution sales were $227 million higher as result of increased volumes in Sweden, Germany, Italy and Eastern Europe, and stronger pricing and favorable euro and Swedish krona foreign currency exchange rates. This growth in the European ripening and distribution business was partially offset by lower revenues as a result of the sale of the JP Fresh and Dole France subsidiaries in November 2008. JP Fresh and Dole France revenues totaled $382 million and $480 million during fiscal 2008 and 2007, respectively. Sales of Chilean deciduous fruit also increased due to improved pricing in the European and Latin American markets. Increased sales of fresh pineapple were primarily driven by higher volumes sold in North America. Favorable foreign currency exchange movements in the Company s foreign selling locations, primarily the euro, Japanese yen and

Swedish krona, benefited revenues by approximately $171 million.

Fresh fruit EBIT increased 79% to $305.8 million in 2008 from $170.6 million in 2007. EBIT increased due to significantly higher banana earnings and improved pricing in the European ripening and distribution operations. The increase in worldwide banana EBIT was driven by higher pricing, partially offset by increased product and shipping costs as a result of higher commodity costs. Banana EBIT also benefited from unrealized foreign currency translation gains on the Company s vessel obligation of $22.7 million. The Company s Chilean deciduous fruit operations also reported an increase in EBIT as a result of higher sales and improved farm margins. Higher EBIT in the fresh fruit operating segment was also attributable to gains recorded on asset sales of $25.5 million. These increases were partially offset by lower fresh pineapple earnings due primarily to higher product, shipping and distribution costs worldwide. If foreign currency exchanges rates, primarily in the Company s fresh fruit foreign selling locations, during 2008 had remained unchanged from those experienced in 2007, the Company estimates that fresh fruit EBIT would have been lower by approximately $50 million, excluding the impacts of hedging. Fresh fruit EBIT in 2008 included foreign currency hedge losses of $14 million, fuel hedge losses of $4 million and realized foreign currency transaction gains of $1 million.

*Fresh Vegetables:* Fresh vegetables revenues for 2008 increased 3% to $1.09 billion from $1.06 billion. The increase in revenues was primarily due to improved pricing and higher volumes of packaged salads sold in North America. Packaged salad sales also benefited from the introduction of premium salad kits. In addition, higher volumes and pricing for strawberries and higher celery volumes were reported in the North American commodity business. These increases were partially offset by lower volumes of lettuce and mixed produce sold in North America and broccoli and asparagus sold in Asia.

Fresh vegetables EBIT for 2008 increased to $1.1 million compared to a loss of $21.7 million in 2007. The increase in EBIT was primarily due to improved pricing as well as lower distribution and production costs in the packaged salads business. EBIT also increased due to lower workers compensation related accruals of $9 million as a result of favorable closures of historical claims and a reduction in claims activity. In addition, earnings in the Asia commodity vegetable business improved due to stronger pricing. These increases were partially offset by lower earnings in the North American commodity vegetables business due to higher growing and distribution costs as a result of significantly higher fuel and fertilizer costs. In addition, the packaged salads business incurred higher selling and marketing costs due to increased promotional activities.

*Packaged Foods:* Packaged foods revenues for 2008 increased 11% to $1.1 billion from $1 billion in 2007. Revenues increased primarily due to higher pricing and volumes of FRUIT BOWLS, canned pineapple, pineapple juice and tropical fruit sold worldwide. In addition, North America revenues benefited from higher sales of frozen food products as a result of improved pricing. Foreign currency exchange rate movements on revenues were not material in 2008.

Packaged foods EBIT in 2008 decreased to $69.1 million from $78.5 million in 2007. EBIT decreased due primarily to higher product, shipping and distribution costs. Increases in commodity costs (such as fuel, tinplate and plastics) continued to impact operating results. In addition, higher product costs were attributable to unfavorable foreign currency exchange movements in Thailand and the Philippines, where product is sourced. If foreign currency exchanges rates during 2008 had remained unchanged from those experienced in 2007, the Company estimates that packaged foods EBIT would have been higher by approximately $11 million. Packaged foods EBIT in 2008 included realized foreign currency transaction losses of $5 million and foreign currency hedge losses of $2 million. Packaged foods also settled early its Canadian dollar hedges, which generated gains of $4 million.

*Corporate:* Corporate EBIT includes general and administrative costs not allocated to the operating segments. Corporate EBIT in 2008 was a loss of $104.5 million compared to a loss of $70.2 million in 2007. EBIT decreased primarily due to a net loss generated on the Company s cross currency swap of $39.2 million. This decrease was partially offset by lower general and administrative expenses due primarily to a reduction in legal costs and lower unrealized losses on foreign denominated borrowings.

***2007 Compared with 2006***

*Fresh Fruit:* Fresh fruit revenues in 2007 increased 19% to $4.7 billion from $4 billion in 2006. The increase in fresh fruit revenues was primarily driven by higher worldwide sales of bananas and higher sales in the European ripening and distribution operation. Banana sales increased approximately $200 million due to improved volumes and higher pricing worldwide. European ripening and distribution sales were $528 million higher as result of increased volumes in Sweden, Spain and Eastern Europe as well as the October 2006 acquisition of the remaining 65% interest in JP Fresh, an importer and distributor of fresh produce in the United Kingdom. In addition, revenues benefited from higher sales of fresh pineapples in North America and Asia. The increase in fresh pineapple sales resulted from improved pricing worldwide and higher volumes sold in North America and Asia. Favorable foreign currency exchange movements in the Company s foreign selling locations, primarily the euro and Swedish krona, benefited revenues by approximately $163 million.

Fresh fruit EBIT increased 64% to $170.6 million in 2007 from $103.9 million in 2006. EBIT increased due to improved banana earnings and the absence of restructuring costs recorded by Saba Trading AB ( Saba ) during 2006. Higher earnings in the Company s banana operations were attributable to higher sales worldwide, which were partially offset by higher purchased fruit costs. EBIT also benefited by $9.1 million due to the final settlement of the Company s property insurance claim associated with Hurricane Katrina. These increases were partially offset by lower fresh pineapple earnings due mainly to higher product, shipping and distribution costs and a $3.8 million impairment charge for farm assets in the Chilean deciduous fruit operations. If foreign currency exchanges rates, primarily in the Company s fresh fruit foreign sourcing locations, during 2007 had remained unchanged from those experienced in 2006, the Company estimates that fresh fruit EBIT would have been lower by approximately $16 million, excluding the impacts of hedging. Fresh fruit EBIT in 2007 included foreign currency hedge losses of $6 million, unrealized foreign currency exchange losses related to the vessel obligation of $1 million and realized foreign currency transaction gains of $7 million. In addition, fresh fruit EBIT benefited from fuel hedge gains of $5 million and $2 million related to the early settlement of Colombian peso hedges.

*Fresh Vegetables:* Fresh vegetables revenues for 2007 decreased 2% to $1.06 billion from $1.08 billion. The decrease in revenues was primarily due to lower volumes sold in the North America and Asia commodity vegetables businesses, primarily for berries, lettuce, broccoli and asparagus, as well as lower surcharges in North America. These decreases were partially offset by improved pricing for commodity vegetables in both North America and Asia. In the packaged salads business, revenues were relatively unchanged as improved pricing was offset by lower volumes during the first half of 2007. Additional costs were incurred as a result of increased promotional activity, which were recorded as a reduction to revenues during 2007. Consumer demand in the packaged salads business experienced higher volumes in the second half of 2007 as the packaged salads category began to recover from the third quarter 2006 *E. coli* incident discussed later in this document. In an effort to increase demand in the packaged salads category, the Company continued to offer incentives to its customers and consumers.

Fresh vegetables EBIT for 2007 was a loss of $21.7 million compared to a loss of $7.3 million in 2006. The decrease in EBIT was primarily due to higher manufacturing costs and general and administrative expenses in the packaged salads business due in part to the new salad plant in North Carolina. These decreases were partially offset by higher margins generated in the North America commodity vegetables business due to higher pricing for lettuce and celery.

*Packaged Foods:* Packaged foods revenues for 2007 increased 9% to $1 billion from $938.3 million in 2006. The increase in revenues was primarily due to higher pricing and volumes of FRUIT BOWLS, fruit in plastic jars and packaged frozen food products, and higher volumes of canned juice sold in North America. Revenues also grew in Europe due to higher pricing and volumes of canned solid pineapple, higher pricing of FRUIT BOWLS and higher sales volumes of concentrate. Revenues in Asia were lower due primarily to the disposition of a small distribution company in the Philippines during the fourth quarter of 2006.

Packaged foods EBIT in 2007 decreased to $78.5 million from $91.4 million in 2006. EBIT was impacted by higher product costs in both North America and Europe, which were driven by unfavorable foreign currency exchange rates in Thailand and the Philippines, where product is sourced. EBIT in Asia was impacted by lower sales and higher product costs. If foreign currency exchanges rates, in packaged foods sourcing locations, during 2007 had remained unchanged from those experienced in 2006, the Company estimates that packaged foods EBIT would have been higher by approximately $23 million. Packaged foods EBIT in 2007 included realized foreign currency transaction gains of $4 million partially offset by foreign currency hedge losses of $2 million. Packaged foods also settled early its Philippine peso hedges, which generated gains of $8.8 million.

*Corporate:* Corporate EBIT includes general and administrative costs not allocated to the operating segments. Corporate EBIT in 2007 was a loss of $70.2 million compared to a loss of $32.7 million in 2006. EBIT decreased primarily due to a reduction in the gain generated on the Company s cross currency swap of $22.7 million. In addition, there were higher general and administrative expenses compared to the prior year due primarily to additional legal costs. Corporate EBIT in 2007 also included realized foreign currency transaction losses of $4 million.

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### Discontinued Operations

During the second quarter of 2008, the Company approved and committed to a formal plan to divest its fresh-cut flowers operations. The first phase of the Flowers transaction was completed during the first quarter of 2009. During the fourth quarter of 2007, the Company approved and committed to a formal plan to divest its citrus and pistachio operations ( Citrus ) located in central California. Prior to the fourth quarter of 2007, the operating results of Citrus were included in the fresh fruit operating segment. The Citrus sale closed during the third quarter of 2008 and the Company received net cash proceeds of $44 million. As the assets of Citrus were held by non-wholly owned subsidiaries of the Company, Dole s share of the proceeds was $28.1 million. The results of operations of these businesses have been reclassified as discontinued operations for all periods presented

During the fourth quarter of 2006, the Company completed the sale of its Pacific Coast Truck Center ( Pac Truck ) business for $20.7 million. The Pac Truck business consisted of a full service truck dealership that provided medium and heavy-duty trucks to customers in the Pacific Northwest region. The Company received $15.3 million of net cash proceeds from the sale after the assumption of $5.4 million of debt and realized a gain of approximately $2.8 million on the sale, net of income taxes of $2 million. Prior to the reclassification to discontinued operations, the operating results of Pac Truck were included in the other operating segment.

The operating results of fresh-cut flowers, Citrus and Pac Truck for fiscal 2008, 2007 and 2006 are reported in the following table:

| | Fresh-Cut Flowers | Citrus | Pac Truck | Total |
|---|---|---|---|---|
| | | (In thousands) | | |
| *2008* | | | | |
| Revenues | $ 106,919 | $ 5,567 | $ | $ 112,486 |
| Loss before income taxes | $ (43,235) | $ (1,408) | $ | $ (44,643) |
| Income taxes | 16,936 | 316 | | 17,252 |
| Loss from discontinued operations, net of income taxes | $ (26,299) | $ (1,092) | $ | $ (27,391) |
| Gain on disposal of discontinued operations, net of income taxes of $4.3 million | $ | $ 3,315 | $ | $ 3,315 |
| *2007* | | | | |
| Revenues | $ 110,153 | $ 13,586 | $ | $ 123,739 |
| Income (loss) before income taxes | $ (19,146) | $ 733 | $ | $ (18,413) |
| Income taxes | 2,994 | (300) | | 2,694 |
| Income (loss) from discontinued operations, net of income taxes | $ (16,152) | $ 433 | $ | $ (15,719) |
| *2006* | | | | |
| Revenues | $ 160,074 | $ 20,527 | $ 47,851 | $ 228,452 |

| | | | | |
|---|---|---|---|---|
| Income (loss) before income taxes | $ (57,001) | $ 3,767 | $ 397 | $ (52,837) |
| Income taxes | 4,379 | (1,765) | (163) | 2,451 |
| Income (loss) from discontinued operations, net of income taxes | $ (52,622) | $ 2,002 | $ 234 | $ (50,386) |
| Gain on disposal of discontinued operations, net of income taxes of $2 million | $ | $ | $ 2,814 | $ 2,814 |

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***Fresh-Cut Flowers***

*2008 Compared with 2007:* Fresh-cut flowers loss before income taxes in 2008 increased to $43.2 compared to a loss of $19.1 million in 2007. The change was due primarily to a $17 million impairment charge on long-lived assets related to the Flowers transaction, of which the first phase closed during the first quarter of 2009. Product costs also increased as a result of unfavorable foreign currency exchange rates in Colombia, where the product is sourced. In addition, there were foreign currency hedge losses in 2008 of $0.3 million compared to foreign currency hedge gains of $6 million in 2007. These factors were partially offset by gains generated from the sale of the Miami headquarters building and a farm in Mexico as well as lower distribution costs due to changes in the customer base. If foreign currency exchange rates, in Colombia, during 2008 had remained unchanged from those experienced in 2007, the Company estimates that its fresh-cut flowers loss before taxes would have been lower by approximately $4 million, excluding the impacts of hedging.

*2007 Compared with 2006:* Fresh-cut flowers loss before income taxes in 2007 improved to a loss of $19.1 million from a loss of $57 million in 2006. The lower loss is primarily due to the absence of restructuring-related and asset impairment charges recorded in 2006 of $29 million. Lower shipping expenses, due in part to the renegotiation of an airfreight contract, also contributed to the improvement of the loss. These improvements were partially offset by higher product costs resulting from damage to roses in Colombia caused by adverse weather conditions. If foreign currency exchange rates, in Colombia, during 2007 had remained unchanged from those experienced in 2006, the Company estimates that its fresh-cut flowers loss before taxes would have been lower by approximately $7 million, excluding the impacts of hedging. Fresh-cut flowers also benefited from foreign currency hedge gains of $4 million and $2 million related to the early settlement of the Colombian peso hedges.

**Liquidity and Capital Resources**

CASH REQUIREMENTS:

The following table summarizes the Company s contractual obligations and commitments at January 3, 2009:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Less Than 1 Year | 1-2 Years | 3-4 Years (In thousands) | After 4 Years | Total |
| Contractual obligations: | | | | | |
| Fixed rate debt | $ 345,000 | $ 600,000 | $ 155,000 | $ | $ 1,100,000 |
| Variable rate debt | 8,785 | 169,738 | 812,294 | 4,039 | 994,856 |
| Notes payable | 48,789 | | | | 48,789 |
| Capital lease obligations | 2,963 | 5,565 | 6,114 | 45,806 | 60,448 |
| Non-cancelable operating lease commitments | 143,054 | 195,762 | 110,519 | 115,034 | 564,369 |
| Purchase obligations | 781,559 | 877,660 | 403,283 | 131,404 | 2,193,906 |
| Minimum required pension funding | 19,422 | 53,033 | 56,535 | 104,955 | 233,945 |
| Postretirement benefit payments | 4,271 | 8,293 | 7,910 | 18,457 | 38,931 |
| Interest payments on fixed and variable rate debt | 107,388 | 134,986 | 62,585 | 22,190 | 327,149 |
| Total contractual cash obligations | $ 1,461,231 | $ 2,045,037 | $ 1,614,240 | $ 441,885 | $ 5,562,393 |