FreightCar America, Inc.
Form 4
April 07, 2005

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Karan Glen T

(Last) (First) (Middle)

TWO NORTH RIVERSIDE PLAZA, SUITE 1250

(Street)

CHICAGO, IL 60606

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
FreightCar America, Inc. [RAIL]

3. Date of Earliest Transaction (Month/Day/Year)
04/01/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP, Planning and Admin

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/01/2005		J (1) (2)		37,400	A	$ 0	37,400	D	
Common Stock	04/05/2005		S		23,524	D	$ 19	13,876	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Karan Glen T TWO NORTH RIVERSIDE PLAZA, SUITE 1250 CHICAGO, IL 60606			VP, Planning and Admin	

Signatures

/s/ Kevin P Bagby, as attorney in fact	04/07/2005
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These shares of Common Stock were acquired on April 1, 2005 in the downstream merger of the issuer's former parent corporation (the "Parent") with and into the issuer, which was a wholly owned subsidiary of the Parent immediately prior the merger, with the issuer as the surviving corporation. In the merger, each share of the Parent's common stock was exchanged for 550 shares of Common Stock of the issuer, and each share of the Parent's Series A voting preferred stock and Series B non-voting preferred stock was exchanged for one share of the issuer's Series A voting preferred stock and Series B non-voting preferred stock, respectively. The proportionate interests of the Parent's stockholders, including the interests of the reporting person, did not change as a result of the merger. The merger was exempt under Rules 16b-7 and 16b-3(d) under the Securities Exchange Act of 1934, as amended.

(2) Prior to the merger, the reporting person acquired shares of the Parent's common stock upon the exercise of options for units consisting of the Parent's common stock and preferred stock. The grant to, and the exercise by, the reporting person of such options were exempt under Rules 16b-3(d) and 16b-6(b), as applicable, under the Securities Exchange Act of 1934, as amended.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ares of Common Stock of Holdings (so long as the Permitted Holders hold a majority of the Common Stock of Holdings) or at least a majority of the Board of Directors of the Company or Holdings, as the case may be, then still in office who either were members of such Board of Directors at the beginning of such period or whose election as a member of such Board of Directors was previously so approved.

Commission means the Securities and Exchange Commission.

Commodities Agreements means commodity agreements, hedging agreements and other similar agreements or arrangements designed to protect the Company or any Restricted Subsidiary of the Company against price fluctuations of commodities (e.g., fuel) used in their respective businesses.

Common Stock of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person s common stock, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock.

Consolidated EBITDA means, with respect to any Person, for any period, the sum (without duplication) of:

(1) Consolidated Net Income; and

(2) to the extent Consolidated Net Income has been reduced thereby:

(a) all income taxes of such Person and its Restricted Subsidiaries paid or accrued in accordance with GAAP for such period;

(b) Consolidated Interest Expense; and

(c) Consolidated Non-cash Charges less any non-cash items increasing Consolidated Net Income for such period, all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in accordance with GAAP.

Consolidated Fixed Charge Coverage Ratio means, with respect to any Person, the ratio of Consolidated EBITDA of such Person during the four full fiscal quarters (the *Four Quarter Period*) ending prior to the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio for which financial statements are available (the *Transaction Date*) to Consolidated Fixed Charges of such Person for the Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition, Consolidated EBITDA and Consolidated Fixed Charges shall be calculated after giving effect on a *pro forma* basis for the period of such calculation to:

(1) the incurrence or repayment of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) giving rise to the need to make such calculation and any incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), other than the incurrence or repayment of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period; and

(2) any Asset Sales or other disposition or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such Person or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Indebtedness and also including any Consolidated EBITDA attributable to the assets which are the subject of the Asset Acquisition or asset sale or other disposition during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such asset sale or other disposition or Asset Acquisition (including the incurrence, assumption or liability for any such Acquired Indebtedness) occurred on the first day of the Four Quarter Period.

For purposes of this definition, whenever pro forma effect is to be given to an Asset Acquisition and the amount of income or earnings relating thereto, the pro forma calculations shall be determined in good faith by a responsible financial or accounting Officer of the Company and shall comply with the requirements of Rule 11-02 of Regulation S-X promulgated by the Commission, except that such pro forma calculations may include operating expense reductions for such period resulting from the acquisition which is being given pro forma effect that have been realized or for which the steps necessary for realization have been taken or are reasonably expected to be taken within six months following any such Asset Acquisition, including, but not limited to, the execution or termination of any contracts, the termination of any personnel or the closing (or approval by the Board of Directors of the Company of any closing) of any facility, as applicable, *provided* that, in either case, such adjustments are set forth in an Officers Certificate signed by the Company s chief financial officer and another Officer which states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the Officers executing such

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Officers Certificate at the time of such execution and (iii) that any related incurrence of Indebtedness is permitted pursuant to the Indenture.

If such Person or any of its Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a third Person, the preceding sentence shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly incurred or otherwise assumed such guaranteed Indebtedness.

Furthermore, in calculating Consolidated Fixed Charges for purposes of determining the denominator (but not the numerator) of this Consolidated Fixed Charge Coverage Ratio :

(1) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date; and

(2) notwithstanding clause (1) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Swap Obligations, shall be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

Consolidated Fixed Charges means, with respect to any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense (excluding the amortization or write-off of deferred financing costs); plus

(2) the product of (x) the amount of all dividend payments on any series of Preferred Stock of such Person and, to the extent permitted under the Indenture, its Restricted Subsidiaries (other than dividends paid in Qualified Capital Stock) paid, accrued or scheduled to be paid or accrued during such period times (y) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective consolidated federal, state and local income tax rate of such Person, expressed as a decimal.

Consolidated Interest Expense means, with respect to any Person for any period, the sum of, without duplication:

(1) the aggregate of the interest expense of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including without limitation: (a) any amortization of debt discount and amortization or write-off of deferred financing costs; (b) the net costs under Interest Swap Obligations; (c) all capitalized interest; and (d) the interest portion of any deferred payment obligation; and

(2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP.

Consolidated Net Income means, with respect to any Person, for any period, the aggregate net income (or loss) of such Person and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; provided that there shall be excluded therefrom (without duplication):

(1) after-tax gains and losses from Asset Sales (without regard to the $5.0 million limitation set forth in the definition thereof) or abandonments or reserves relating thereto;

(2) after-tax items classified as extraordinary or nonrecurring gains and losses;

(3) the net income of any Person acquired in a pooling of interests transaction accrued prior to the date it becomes a Restricted Subsidiary of the referent Person or is merged or consolidated with the referent Person or any Restricted Subsidiary of the referent Person;

(4) the net income (but not loss) of any Restricted Subsidiary of the referent Person to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is restricted by a contract, operation of law or otherwise, unless received;

(5) the net income of any Person, other than a Restricted Subsidiary of the referent Person, except to the extent of cash dividends or distributions paid to the referent Person or to a Restricted Subsidiary of the referent Person by such Person;

(6) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;

(7) income or loss attributable to discontinued operations; and

(8) in the case of a successor to the referent Person by consolidation or merger or as a transferee of the referent Person s assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets.

Notwithstanding the foregoing, Consolidated Net Income shall be calculated without giving effect to:

(i) any premiums, fees or expenses incurred in connection with the going-private merger transactions and

(ii) the amortization, depreciation or non-cash charge of any amounts required or permitted by Statement of Financial Accounting Standards No. 141, *Business Combinations,* and No. 142, *Goodwill and Other Intangible Assets,* or any successor pronouncements of the Financial Accounting Standards Board or with respect to the impairment of the value of any long-lived assets.

Consolidated Net Worth of any Person means the consolidated stockholders equity of such Person, determined on a consolidated basis in accordance with GAAP, less (without duplication) amounts attributable to Disqualified Capital Stock of such Person.

Consolidated Non-cash Charges means, with respect to any Person, for any period, the aggregate depreciation, amortization and other non-cash expenses of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charges constituting an extraordinary item or loss or any such charge which requires an accrual of or a reserve for cash charges for any future period).

Credit Agreement means the Credit Agreement entered into on March 28, 2003, among Holdings, the Company, Solvest Ltd., the lenders party thereto in their capacities as lenders thereunder and Deutsche Bank AG New York, as administrative agent, The Bank of Nova Scotia and Bank of America, N.A., as co-syndication agents, and Fleet National Bank and Societe Generale, as co-documentation agents, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including, without limitation, increasing the amount of available borrowings thereunder or adding Restricted Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement or agreements and whether by the same or any other agent, lender or group of lenders.

Currency Agreement means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect the Company or any Restricted Subsidiary of the Company against fluctuations in currency values.

Default means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

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Disqualified Capital Stock means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event (other than an event which would constitute a Change of Control or an Asset Sale and other than an event of default as a result of the bankruptcy, insolvency or similar event of the issuer thereof contained in a security into which such Capital Stock is convertible or for which it is exchangeable), matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof (except, in each case, upon the occurrence of a Change of Control or an Asset Sale and other than an event of default as a result of the bankruptcy, insolvency or similar event of the issuer thereof contained in a security into which such Capital Stock is convertible or for which it is exchangeable) on or prior to the final maturity date of the notes.

Domestic Restricted Subsidiary means a Restricted Subsidiary incorporated or otherwise organized or existing under the laws of the United States, any state thereof or any territory or possession of the United States.

Exchange Act means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

Existing Note Guarantees means the joint and several guarantees of the Company s obligations under the Existing Notes Indenture and the Existing Notes on a senior subordinated basis.

Existing Notes means (i) the $400.0 million in aggregate principal amount of the Company s senior notes due 2009 and (ii) the $155.0 million in aggregate principal amount of the Company s debentures due 2013.

Existing Notes Indenture means that certain Indenture, dated as of July 15, 1993, between the Company and Chemical Trust Company of California, as trustee, as the same may be amended, supplemented or modified from time to time in accordance with the terms thereof.

fair market value means, with respect to any asset or property, the price which could be negotiated in an arm s-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair market value shall be determined by the Board of Directors of the Company acting reasonably and in good faith and shall be evidenced by a Board Resolution of the Board of Directors of the Company delivered to the Trustee.

Foreign Restricted Subsidiary means any Restricted Subsidiary other than a Domestic Restricted Subsidiary.

GAAP means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which were in effect as of March 28, 2003.

Guarantor means: (1) certain of the Company s Domestic Restricted Subsidiaries as of the Issue Date; and (2) each of the Company s Restricted Subsidiaries that in the future executes a supplemental indenture in which such Restricted Subsidiary agrees to be bound by the terms of the Indenture as a Guarantor; provided that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its respective Guarantee is released in accordance with the terms of the Indenture.

Guarantor Designated Senior Debt means (1) Indebtedness of a Guarantor under or in respect of the Credit Agreement and (2) any other Indebtedness of a Guarantor constituting Guarantor Senior Debt which, at the time of determination, has an aggregate principal amount of at least $50.0 million and is specifically designated in the instrument evidencing such Guarantor Senior Debt as Guarantor Designated Senior Debt by the Company.

Guarantor Senior Debt means, with respect to any Guarantor: the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate

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provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on any Indebtedness of, or guaranteed by, a Guarantor, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Guarantee of such Guarantor. Without limiting the generality of the foregoing, Guarantor Senior Debt shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on, and all other amounts owing in respect of (including guarantees of the foregoing obligations):

(x) all monetary obligations of every nature of such Guarantor under, or with respect to, the Credit Agreement, including, without limitation, obligations to pay principal, premium and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities (and guarantees thereof);

(y) all Interest Swap Obligations (and guarantees thereof); and

(z) all obligations under Currency Agreements (and guarantees thereof);

in each case whether outstanding on the Issue Date or thereafter incurred.

Notwithstanding the foregoing, Guarantor Senior Debt shall not include:

(1) any Indebtedness of such Guarantor to a Subsidiary of such Guarantor;

(2) Indebtedness to, or guaranteed on behalf of, any director, officer or employee of such Guarantor or any Subsidiary of such Guarantor (including, without limitation, amounts owed for compensation);

(3) Indebtedness to trade creditors and other amounts incurred in connection with obtaining goods, materials or services; *provided* that obligations incurred pursuant to the Credit Agreement shall not be excluded pursuant to this clause (3);

(4) Indebtedness represented by Disqualified Capital Stock;

(5) any liability for federal, state, local or other taxes owed or owing by such Guarantor;

(6) that portion of any Indebtedness incurred in violation of the Indenture provisions set forth under Certain Covenants Before and After the Existing Notes Remain Outstanding Limitation on Incurrence of Additional Indebtedness (but, as to any such obligation, no such violation shall be deemed to exist for purposes of this clause (6) if the holder(s) of such obligation or their representative shall have received an officers certificate (and/or a representation or warranty) from the Company to the effect that the incurrence of such Indebtedness does not (or, in the case of revolving credit indebtedness, that the incurrence of the entire committed amount thereof at the date on which the initial borrowing thereunder is made would not) violate such provisions of the Indenture);

(7) with respect to any Guarantor, Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to such Guarantor;

(8) the guarantees of the Existing Notes or the Guarantees; and

(9) with respect to any Guarantor, any Indebtedness which is, by its express terms, subordinated in right of payment to any other Indebtedness of such Guarantor.

Holdings means DHM Holding Company, Inc., a Delaware corporation and the parent of the Company.

Indebtedness means with respect to any Person, without duplication:

(1) all Obligations of such Person for borrowed money;

(2) all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

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(3) all Capitalized Lease Obligations of such Person;

(4) all Obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all Obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 120 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and payables under the Company s grower loans program in the ordinary course of business and consistent with past practices);

(5) all Obligations for the reimbursement of any obligor on any letter of credit, banker s acceptance or similar credit transaction;

(6) guarantees and other contingent obligations in respect of Indebtedness referred to in clauses (1) through (5) above and clause (8) below;

(7) all Obligations of any other Person of the type referred to in clauses (1) through (6) which are secured by any Lien on any property or asset of such Person, the amount of such Obligation being deemed to be the lesser of the fair market value of such property or asset or the amount of the Obligation so secured;

(8) all Obligations under Currency Agreements and Interest Swap Obligations of such Person; and

(9) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

For purposes hereof, the maximum fixed repurchase price of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the Board of Directors of the issuer of such Disqualified Capital Stock.

Independent Financial Advisor means a firm: (1) which does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in the Company; and (2) which, in the judgment of the Board of Directors of the Company, is otherwise independent and qualified to perform the task for which it is to be engaged.

Interest Swap Obligations means the obligations of any Person pursuant to any arrangement with any other Person, whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such other Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall also include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

Investment means, with respect to any Person, any direct or indirect loan or other extension of credit (including, without limitation, a guarantee) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) , or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person. Investment shall exclude extensions of trade credit by the Company and its Restricted Subsidiaries on commercially reasonable terms in accordance with normal trade practices of the Company or such Restricted Subsidiary, as the case may be. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Common Stock of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, the Company no longer owns, directly or indirectly, 50% of the outstanding Common Stock of such Restricted Subsidiary, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Common Stock of such Restricted Subsidiary not sold or disposed of.

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Issue Date means the date of original issuance of the original notes.

Lien means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

Net Cash Proceeds means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (other than the portion of any such deferred payment constituting interest) received by the Company or any of its Restricted Subsidiaries from such Asset Sale net of:

(1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness that is secured by the property or assets that are the subject of such Asset Sale or that is required, pursuant to an agreement or instrument existing on the Issue Date, to be repaid from the proceeds of such Asset Sale other than pursuant to the Indenture; and

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale.

Obligations means all obligations for principal, premium, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law), penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

Officer means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer or Secretary of the Company.

Officers Certificate means a certificate signed by two officers of the Company, at least one of whom shall be the principal executive officer or principal financial officer of the Company, and delivered to the Trustee.

Pari Passu Debt means any Indebtedness of the Company or any Guarantor that ranks pari passu in right of payment with the original notes and new notes or such Guarantee, as applicable, including the 2011 Notes and the Existing Notes and the 2011 Note Guarantees and the Existing Note Guarantees, respectively.

Permitted Holders means (i) David H. Murdock, his estate, spouse, heirs, ancestors, lineal descendants, legatees, legal representatives or the trustee of a bona fide trust of which one or more of the foregoing are the principal beneficiaries or grantors thereof and (ii) any entity controlled, directly or indirectly, by any Persons referred to in the preceding clause (i), whether through the ownership of voting securities, by contract or otherwise.

Permitted Indebtedness means, without duplication, each of the following:

(1) Indebtedness under the original notes and new notes or the Exchange Notes (as defined in the Registration Rights Agreement) in an aggregate principal amount not to exceed $400.0 million and the Guarantees;

(2) Indebtedness incurred pursuant to the Credit Agreement in an aggregate principal amount at any time outstanding not to exceed $1,125.0 million less the amount of all repayments of term loans and permanent commitment reductions in the revolving credit portion of the Credit Agreement actually made

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with Net Cash Proceeds of Asset Sales applied thereto as required by the Limitation on Asset Sales covenant;

(3) other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date (including the 2011 Notes, the 2011 Note Guarantees, the Existing Notes and the Existing Note Guarantees and any put or similar rights of minority holders of Restricted Subsidiaries in existence as of the Issue Date) reduced by the amount of any scheduled amortization payments or mandatory prepayments when actually paid or permanent reductions thereon;

(4) Interest Swap Obligations of the Company or any Restricted Subsidiary of the Company covering Indebtedness of the Company or any of its Restricted Subsidiaries; *provided, however*, that such Interest Swap Obligations are entered into to protect the Company and its Restricted Subsidiaries from fluctuations in interest rates on its outstanding Indebtedness to the extent the notional principal amount of such Interest Swap Obligation does not, at the time of the initial incurrence thereof, exceed the principal amount of the Indebtedness to which such Interest Swap Obligation relates;

(5) (A) Indebtedness under Currency Agreements; *provided* that in the case of Currency Agreements which relate to Indebtedness, such Currency Agreements do not increase the Indebtedness of the Company and its Restricted Subsidiaries outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder and (B) Indebtedness under Commodities Agreements;

(6) Indebtedness of a Restricted Subsidiary of the Company to the Company or to a Wholly Owned Restricted Subsidiary of the Company for so long as such Indebtedness is held by the Company or a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under the Indenture, in each case subject to no Lien held by a Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under the Indenture; provided that if as of any date any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under the Indenture owns or holds any such Indebtedness or holds a Lien in respect of such Indebtedness, such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness under this clause (6) by the issuer of such Indebtedness;

(7) (A) Indebtedness of the Company to a Wholly Owned Restricted Subsidiary of the Company for so long as such Indebtedness is held by a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under the Indenture, in each case subject to no Lien other than a Lien permitted under the Indenture; *provided* that (a) any Indebtedness of the Company to any Wholly Owned Restricted Subsidiary of the Company that is not a Guarantor is unsecured and subordinated, pursuant to a written agreement, to the Company s obligations under the Indenture and the notes and (b) if as of any date any Person other than a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under the Indenture owns or holds any such Indebtedness or holds a Lien in respect of such Indebtedness, such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness under this clause (7) by the Company and (B) Indebtedness of the Company or any of its Restricted Subsidiaries to Saba Trading AB or any other Restricted Subsidiary of the Company that is not a Wholly Owned Restricted Subsidiary of the Company in the ordinary course of business consistent with past practice;

(8) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five business days of incurrence;

(9) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of performance bonds, bankers acceptances, workers compensation claims, surety or appeal bonds, payment obligations in connection with self-insurance or similar obligations, completion or performance guarantees or standby letters of credit issued for the purpose of supporting such obligations and bank overdrafts (and letters of credit in respect thereof) in the ordinary course of business;

(10) Indebtedness represented by Capitalized Lease Obligations, mortgage financings and Purchase Money Indebtedness of the Company and its Restricted Subsidiaries incurred in the ordinary course of business not to exceed $25.0 million at any one time outstanding;

(11) Refinancing Indebtedness;

(12) Indebtedness represented by guarantees by the Company or its Restricted Subsidiaries of Indebtedness otherwise permitted to be incurred under the Indenture;

(13) Indebtedness of the Company or any Restricted Subsidiary consisting of guarantees, indemnities or obligations in respect of purchase price adjustments in connection with the acquisition or disposition of assets or the Capital Stock of Subsidiaries;

(14) guarantees furnished by the Company or its Restricted Subsidiaries in the ordinary course of business of Indebtedness of another Person in an aggregate amount not to exceed $25.0 million at any one time outstanding;

(15) Indebtedness incurred under commercial letters of credit issued for the account of the Company or any of its Restricted Subsidiaries in the ordinary course of business (and not for the purpose of, directly or indirectly, incurring Indebtedness or providing credit support or a similar arrangement in respect of Indebtedness), *provided* that any drawing under any such letter of credit is reimbursed in full within seven days;

(16) Indebtedness of the Company or any of its Restricted Subsidiaries relating to any earn-out obligations payable in connection with any acquisition made by the Company or any Restricted Subsidiary not prohibited by the Indenture;

(17) Indebtedness of Foreign Restricted Subsidiaries in an aggregate principal amount not to exceed $50.0 million at any one time outstanding;

(18) Indebtedness of Foreign Restricted Subsidiaries (and any guarantee thereof by the Company) incurred in connection with grower loan programs in an aggregate principal amount not to exceed $50.0 million at any one time outstanding;

(19) without duplication, Indebtedness of the Company or any of its Restricted Subsidiaries under letters of credit and bank guarantees required by governmental laws, orders and regulations which letters of credit will be backstopped by letters of credit under the Credit Agreement;

(20) Indebtedness of the Company or any of its Restricted Subsidiaries incurred in connection with vehicle inventory loans in an aggregate principal amount not to exceed $5.0 million at any one time outstanding;

(21) Indebtedness of the Company and its Restricted Subsidiaries representing Obligations in existence on the Issue Date that become Indebtedness after the Issue Date as a result of the implementation of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities* ; and

(22) additional Indebtedness of the Company and its Restricted Subsidiaries in an aggregate principal amount not to exceed $35.0 million at any one time outstanding (which amount may, but need not, be incurred in whole or in part under the Credit Agreement).

For purposes of determining compliance with the Limitation on Incurrence of Additional Indebtedness covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (1) through (22) above or is entitled to be incurred pursuant to the Consolidated Fixed Charge Coverage Ratio provisions of such covenant, the Company shall, in its sole discretion, classify (or from time to time may reclassify) such item of Indebtedness in any manner that complies with this covenant and such item of Indebtedness will be treated as having been incurred pursuant to only one of such categories. Accrual of interest, accretion or amortization of original issue discount, a change in the amount of Indebtedness due solely to fluctuations in the exchange rates of currencies, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of

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dividends on Disqualified Capital Stock in the form of additional shares of the same class of Disqualified Capital Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Capital Stock for purposes of the Limitation on Incurrence of Additional Indebtedness covenant.

Permitted Investments means:

(1) Investments by the Company or any Restricted Subsidiary of the Company in any Person that is or will become immediately after such Investment a Restricted Subsidiary of the Company or that will merge or consolidate into the Company or a Restricted Subsidiary of the Company;

(2) Investments in the Company by any Restricted Subsidiary of the Company; *provided* that any Indebtedness (other than Indebtedness to Saba Trading AB or any other Restricted Subsidiary of the Company that is not a Wholly Owned Restricted Subsidiary of the Company in the ordinary course of business consistent with past practice) evidencing such Investment and held by a Restricted Subsidiary that is not a Guarantor is unsecured and subordinated, pursuant to a written agreement, to the Company s obligations under the notes and the Indenture;

(3) Investments in cash and Cash Equivalents;

(4) loans to employees, directors and officers of the Company and its Restricted Subsidiaries in the ordinary course of business for bona fide business purposes not in excess of $5.0 million at any one time outstanding;

(5) Obligations under Currency Agreements, Interest Swap Obligations and Commodities Agreements entered into in the ordinary course of the Company s or its Restricted Subsidiaries businesses and not for speculative purposes and otherwise in compliance with the Indenture;

(6) additional Investments not to exceed $50.0 million at any one time outstanding;

(7) Investments in securities of trade creditors, licensors, licensees or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers or in good faith settlement of delinquent obligations of such trade creditors or customers;

(8) Investments made by the Company or its Restricted Subsidiaries as a result of consideration received in connection with an Asset Sale made in compliance with the Limitation on Asset Sales covenant, whether or not such consideration is equal to or greater than $5.0 million;

(9) Investments represented by guarantees that are otherwise permitted under the Indenture;

(10) Investments the payment for which is Qualified Capital Stock of the Company;

(11) Investments resulting from the creation of Liens on the assets of the Company or any of its Restricted Subsidiaries in compliance with the Limitation on Liens covenant;

(12) Investments by the Company or any Restricted Subsidiary in connection with grower loan programs in an amount not to exceed $75.0 million at any one time outstanding;

(13) Investments arising as a result of the exercise of any put or similar rights of minority holders of Restricted Subsidiaries or call or similar rights of the Company in existence as of the Issue Date; and

(14) advances to employees, directors and officers of the Company and its Restricted Subsidiaries in the ordinary course of business for bona fide business purposes.

Permitted Liens means the following types of Liens:

(1) Liens existing as of the Issue Date to the extent and in the manner such Liens are in effect on the Issue Date;

(2) Liens securing Indebtedness and any other Obligations under the Credit Agreement;

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(3) Liens securing Guarantor Senior Debt;

(4) Liens securing the notes and the Guarantees;

(5) Liens of the Company or a Restricted Subsidiary of the Company on assets of any Restricted Subsidiary of the Company;

(6) Liens securing Refinancing Indebtedness which is incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the Indenture and which has been incurred in accordance with the provisions of the Indenture; *provided, however*, that such Liens: (i) are no less favorable to the Holders in any material respect and are not more favorable to the lienholders in any material respect with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and (ii) do not extend to or cover any property or assets of the Company or any of its Restricted Subsidiaries not securing the Indebtedness so Refinanced;

(7) Liens for taxes, assessments or governmental charges or claims either (a) not delinquent or (b) contested in good faith by appropriate proceedings and as to which the Company or its Restricted Subsidiaries shall have set aside on its books such reserves as may be required pursuant to GAAP;

(8) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, maritime and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(9) Liens incurred or deposits made in the ordinary course of business in connection with workers compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations or to secure or which results from required payments or deposits in connection with litigation (in each case, exclusive of obligations for the payment of borrowed money);

(10) judgment Liens (other than with respect to judgments that cause an Event of Default under the Indenture) so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(11) easements, rights-of-way, zoning restrictions and other similar charges or encumbrances in respect of real property not interfering in any material respect with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries;

(12) any interest or title of a lessor under any Capitalized Lease Obligation permitted to be incurred under the Indenture; provided that such Liens do not extend to any property or assets which is not leased property subject to such Capitalized Lease Obligation;

(13) Liens securing Purchase Money Indebtedness incurred in the ordinary course of business; *provided, however*, that (a) such Purchase Money Indebtedness shall not exceed the purchase price or other cost of such property or equipment plus the amount of reasonable fees and expenses incurred in connection with such financing and shall not be secured by any property or equipment of the Company or any Restricted Subsidiary of the Company other than the property and equipment so acquired and (b) the Lien securing such Purchase Money Indebtedness shall be created within 120 days of such acquisition;

(14) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person s obligations in respect of bankers acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(15) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(16) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or any of its Restricted Subsidiaries, including rights of offset and set-off;

(17) Liens securing Interest Swap Obligations which Interest Swap Obligations relate to Indebtedness that is otherwise permitted pursuant to clause (4) of the definition of Permitted Indebtedness ;

(18) Liens securing Indebtedness under Currency Agreements and Commodities Agreements permitted to be incurred pursuant to clause (5) of the definition of Permitted Indebtedness ;

(19) Liens securing Acquired Indebtedness incurred in accordance with the Limitation on Incurrence of Additional Indebtedness covenant; *provided* that:

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary of the Company and were not granted in connection with, or in anticipation of, the incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary of the Company; and

(b) such Liens do not extend to or cover any property or assets of the Company or of any of its Restricted Subsidiaries other than the property or assets that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary of the Company and are no more favorable to the lienholders than those securing the Acquired Indebtedness prior to the incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary of the Company;

(20) Liens on assets of a Restricted Subsidiary of the Company that is not a Guarantor to secure Indebtedness of such Restricted Subsidiary that is otherwise permitted under the Indenture;

(21) leases, subleases, licenses and sublicenses granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries;

(22) banker s Liens, rights of setoff and similar Liens with respect to cash and Cash Equivalents on deposit in one or more bank accounts in the ordinary course of business;

(23) Liens arising from filing Uniform Commercial Code financing statements regarding leases; and

(24) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of custom duties in connection with the importation of goods.

Person means an individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or any entity similar to any of the foregoing organized under the laws of other countries, or a governmental agency or political subdivision thereof.

Preferred Stock of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

Purchase Money Indebtedness means Indebtedness of the Company and its Restricted Subsidiaries incurred in the normal course of business for the purpose of financing all or any part of the purchase price, or the cost of installation, construction or improvement, of property or equipment.

Qualified Capital Stock means any Capital Stock that is not Disqualified Capital Stock.

Refinance means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. *Refinanced* and *Refinancing* shall have correlative meanings.

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Refinancing Indebtedness means any Refinancing by the Company or any Restricted Subsidiary of the Company of Indebtedness incurred in accordance with the Limitation on Incurrence of Additional Indebtedness covenant (other than pursuant to clauses (2), (4), (5), (6), (7), (8) , (9), (10), (12), (13) through (20) and (22) of the definition of Permitted Indebtedness), in each case that does not:

(1) result in an increase in the aggregate principal amount of Indebtedness of such Person as of the date of such proposed Refinancing above the sum of (i) the aggregate principal amount of such Indebtedness, plus (ii) the accrued interest on and the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness, plus (iii) the amount of reasonable expenses incurred by the Company in connection with such Refinancing; or

(2) create Indebtedness with: (a) a Weighted Average Life to Maturity that is less than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; or (b) a final maturity earlier than the final maturity of the Indebtedness being Refinanced;

provided that (x) if such Indebtedness being Refinanced is Indebtedness solely of the Company (and is not otherwise guaranteed by a Restricted Subsidiary of the Company), then such Refinancing Indebtedness shall be Indebtedness solely of the Company and (y) if such Indebtedness being Refinanced is subordinate or junior to the original notes and new notes or the Guarantees, then such Refinancing Indebtedness shall be subordinate to the original notes and new notes or the Guarantees, as the case may be, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

Representative means the indenture trustee or other trustee, agent or representative in respect of any Guarantor Designated Senior Debt; *provided* that if, and for so long as, any Guarantor Designated Senior Debt lacks such a representative, then the Representative for such Guarantor Designated Senior Debt shall at all times constitute the holders of a majority in outstanding principal amount of such Guarantor Designated Senior Debt.

Restricted Subsidiary of any Person means any Subsidiary of such Person which at the time of determination is not an Unrestricted Subsidiary.

Sale and Leaseback Transaction means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such property.

Significant Subsidiary , with respect to any Person, means any Restricted Subsidiary of such Person that satisfies the criteria for a significant subsidiary set forth in Rule 1.02(w) of Regulation S-X under the Exchange Act.

Subordinated Indebtedness means Indebtedness of the Company or any Guarantor that is subordinate or junior in right of payment to the original notes and new notes or the Guarantee of such Guarantor, as the case may be.

Subsidiary , with respect to any Person, means:

(1) any corporation, association or other business entity of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors, managers or trustees of such corporation, association or other business entity under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person and its Subsidiaries; or

(2) any partnership (a) the sole general partner or the managing partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person and its Subsidiaries.

2011 Note Guarantees means the joint and several guarantees of the Company s obligations under the 2011 Notes Indenture and the 2011 Notes on a senior subordinated basis.

2011 Notes means the $475.0 million in aggregate principal amount of the Company s 8 7/8% senior notes due 2011 that were issued under the 2011 Notes Indenture on March 28, 2003.

2011 Notes Indenture means that certain Indenture, dated as of March 28, 2003, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, as the same may be amended, supplemented or modified from time to time in accordance with the terms thereof.

Unrestricted Subsidiary of any Person means:

(1) any Subsidiary of such Person that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary by the Board of Directors of such Person in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; *provided* that:

(1) the Company certifies to the Trustee that such designation complies with the Limitation on Restricted Payments covenant; and

(2) each Subsidiary to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any of its Restricted Subsidiaries.

For purposes of making the determination of whether any such designation of a Subsidiary as an Unrestricted Subsidiary complies with the Limitation on Restricted Payments covenant, the portion of the fair market value of the net assets of such Subsidiary of the Company at the time that such Subsidiary is designated as an Unrestricted Subsidiary that is represented by the interest of the Company and its Restricted Subsidiaries in such Subsidiary, in each case as determined in good faith by the Board of Directors of the Company, shall be deemed to be an Investment. Such designation will be permitted only if such Investment would be permitted at such time under the Limitation on Restricted Payments covenant.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if:

(1) immediately after giving effect to such designation, the Company is able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with paragraph (a) of the Limitation on Incurrence of Additional Indebtedness covenant; and

(2) immediately before and immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to such designation and an Officers Certificate certifying that such designation complied with the foregoing provisions.

Weighted Average Life to Maturity means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding aggregate principal amount of such Indebtedness into (b) the sum of the total of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

Wholly Owned Restricted Subsidiary of any Person means any Wholly Owned Subsidiary of such Person which at the time of determination is a Restricted Subsidiary of such Person.

Wholly Owned Subsidiary of any Person means any Subsidiary of such Person of which all the outstanding voting securities (other than in the case of a foreign Subsidiary, directors qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) are owned by such Person or any Wholly Owned Subsidiary of such Person.

Form, Denomination, Transfer, Exchange and Book-Entry Transfer

The exchange notes will initially be represented in the form of one or more global notes in definitive, fully-registered book-entry form, without interest coupons, that will be deposited with or on behalf of The Depository Trust Company, or DTC, and registered in the name of DTC or its participants.

Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. You may not exchange your beneficial interest in the global notes for Notes in certificated form except in the limited circumstances described below under Exchanges of Book-Entry Notes for Certificated Notes.

Exchanges of Book-Entry Notes for Certificated Notes

You may not exchange your beneficial interest in a global note for a note in certificated form unless:

DTC (a) notifies us that it is unwilling or unable to continue as depository for the global note or (b) has ceased to be a clearing agency registered under the Exchange Act and in either case we thereupon fail to appoint a successor depository; or

We, at our option, notify the Trustee in writing that we are electing to issue the notes in certificated form; or

an Event of Default shall have occurred and be continuing with respect to the notes.

In all cases, certificated notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures). Any certificated notes issued in exchange for an interest in a global note will bear the legend restricting transfers that is borne by such global note. Any such exchange will be effected through the DWAC system and an appropriate adjustment will be made in the records of the Security Registrar to reflect a decrease in the principal amount of the relevant global note.

Certain Book-Entry Procedures

The description of the operations and procedures of DTC, that follows is provided solely as a matter of convenience. These operations and procedures are solely within its control and are subject to changes by it from time to time. We take no responsibility for these operations and procedures and urges you to contact the system or their participants directly to discuss these matters.

DTC has advised us as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code and a Clearing Agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants (participants) and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (indirect participants).

DTC has advised Dole that its current practice, upon the issuance of the global notes, is to credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global notes to the accounts with DTC of the participants through which such interests are to be held. Ownership of beneficial interests in the global notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominees (with respect to interests of participants).

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As long as DTC, or its nominee, is the registered Holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner and Holder of the Notes represented by such global note for all purposes under the Indenture and the Notes. Except in the limited circumstances described above under Exchanges of Book-Entry Notes for Certificated Notes, you will not be entitled to have any portions of a global note registered in your names, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owner or Holder of a global note (or any Note represented thereby) under the Indenture or the Notes.

You may hold your interests in the global notes directly through DTC, if you are participants in such system, or indirectly through organizations which are participants in such system. All interests in a global note will be subject to the procedures and requirements of DTC.

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, your ability to transfer your beneficial interests in a global note to such persons may be limited to that extent. Because DTC can act only on behalf of its participants, which in turn act on behalf of indirect participants and certain banks, your ability to pledge your interests in a global note to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

We will make payments of the principal of, premium, if any, and interest on global notes to DTC or its nominee as the registered owner thereof. Neither we nor the Trustee nor any of their respective agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any notes held by it or its nominee, will immediately credit participants accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note for such notes as shown on the records of DTC or its nominee. Dole also expects that payments by participants to owners of beneficial interests in such global note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in street name. Such payment will be the responsibility of such participants.

Interests in the global note will trade in DTC s settlement system, and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its participants. Transfers between participants in DTC will be effected in accordance with DTC s procedures, and will be settled in same-day funds.

DTC has advised Dole that DTC will take any action permitted to be taken by a Holder of Notes (including the presentation of Notes for exchange as described below and the conversion of Notes) only at the direction of one or more participants to whose account with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, the global notes will be exchanged for legended Notes in certificated form, and distributed to DTC s participants.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of beneficial ownership interests in the global notes among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of Dole, the Trustee or any of their respective agents will have any responsibility for the performance by DTC, its participants or indirect participants of its respective obligations under the rules and procedures governing its operations, including maintaining, supervising or reviewing the records relating to, or payments made on account of, beneficial ownership interests in global notes.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

General

The following is a discussion of the material United States federal income tax consequences of:

- the exchange offer relevant to United States holders and
- the ownership and disposition of the notes by United States holders and non-United States holders who acquired the original notes from the initial purchasers at their original offering price.

Except where noted, this summary deals only with notes held as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended, hereafter referred to as the Code, and does not deal with special situations, such as those of broker-dealers, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, financial institutions, insurance companies, or persons holding the notes as part of a hedging or conversion transaction or straddle, or a constructive sale, or persons who have ceased to be United States citizens or to be taxed as resident aliens. Furthermore, the discussion below is based upon the provisions of the Code, and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in United States federal income tax consequences different from those discussed below. In addition, except as otherwise indicated, the following does not consider the effect of any applicable foreign, state, local or other tax laws or estate or gift tax considerations.

As used herein, a United States holder is a beneficial owner of a note that is, for United States federal income tax purposes,

- a citizen or resident of the United States,
- a corporation or other entity created or organized in or under the laws of the United States or any political subdivision thereof,
- an estate the income of which is subject to United States federal income taxation regardless of its source,
- a trust if a United States court is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust,
- a certain type of trust in existence on August 20, 1996, which was treated as a United States person under the Code in effect immediately prior to such date and which has made a valid election to be treated as a United States person under the Code or
- any person otherwise subject to United States federal income tax on a net income basis in respect of its worldwide taxable income.

A non-United States holder is a beneficial owner of a note who is not a United States holder. If a partnership holds notes, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding outstanding Notes, we suggest that you consult your tax advisor.

Special rules may apply to non-United States holders, such as controlled foreign corporations, passive foreign investment companies and foreign personal holding companies, that are subject to special treatment under the Code. Such entities should consult their own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them or to their shareholders.

Persons considering the purchase, ownership or disposition of notes should consult their own tax advisors concerning the United States federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

The Exchange Offer

Pursuant to the exchange offer, holders are entitled to exchange the original notes for new notes that will be substantially identical in all material respects to the original notes, except that the new notes will be registered with the Commission and therefore will not be subject to transfer restrictions. We believe that the exchange pursuant to the exchange offer as described above will not result in a taxable event. Accordingly,

- no gain or loss will be realized by a U.S. Holder upon receipt of a new note,
- the holding period of the new note will include the holding period of the original note exchanged therefor, and
- the adjusted tax basis of the new note will be the same as the adjusted tax basis of the original note exchanged at the time of such exchange.

U.S. Federal Income Taxation of United States Holders

Payments of Interest on Notes

Interest on the notes will be taxable to a United States holder as ordinary income from domestic sources at the time it is paid or accrued in accordance with the United States holder s regular method of accounting for tax purposes.

Sale, Exchange, Redemption or Retirement of the Notes

Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a United States holder will generally recognize gain or loss in an amount equal to the difference between:

- the amount of cash and the fair market value of other property received in exchange therefor and
- the holder s adjusted tax basis in such note.

Amounts attributable to accrued but unpaid interest on the notes will be treated as ordinary interest income. A United States holder s adjusted tax basis in a note will equal the purchase price paid by the holder for the note.

Gain or loss realized on the sale, exchange, retirement or other taxable disposition of a note will be capital gain or loss if held as a capital asset and will be long-term capital gain or loss if at the time of sale, exchange, retirement or other taxable disposition, the note has been held by the United States holder as a capital asset for more than twelve months. The maximum rate of tax on long-term capital gains with respect to notes held by an individual is 15% through 2008. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Backup withholding and information reporting requirements may apply to payments of interest on a note and to the proceeds of the sale, redemption or other disposition of a note if the holder is subject to backup withholding. We, our agent, a broker, the trustee or the paying agent, as the case may be, will be required to withhold from any payment that is subject to backup withholding a backup withholding tax if a United States holder, other than an exempt recipient such as a corporation, fails to furnish its taxpayer identification number, certify that such number is correct, certify that such holder is not subject to withholding or otherwise comply with the applicable backup withholding rules. Pursuant to legislation enacted in 2001, the backup withholding rate is 30% for calendar year 2003; 29% for calendar years 2004 and 2005 and 28% for calendar years 2006 through 2010. This legislation is scheduled to expire and the backup withholding rate will be 31% for amounts paid after December 31, 2010 unless Congress enacts legislation providing otherwise. A United States holder will generally be eligible for an exemption from backup withholding by providing a properly completed Internal Revenue Service Form W-9 to the applicable payor. Backup withholding is not an additional tax and any amounts withheld may be credited against a holder s ultimate federal income tax liability.

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U.S. Federal Income Taxation of Non-United States Holders

U.S. Federal Withholding Tax

The payment to a non-United States holder of interest on a note generally will not be subject to United States federal withholding tax pursuant to the portfolio interest exception, provided that

the non-United States holder does not directly, indirectly or constructively own 10% or more of the total combined voting power of all of our classes of stock,

the non-United States holder is not a controlled foreign corporation that is related to us through stock ownership within the meaning of the Code,

the non-United States holder is not a bank whose receipt of interest on a note is described in section 881(c)(3)(A) of the Code and

either

the beneficial owner of the note certifies to us or our paying agent, under penalties of perjury, that it is not a United States holder and provides its name and address on an Internal Revenue Service Form W-8BEN, or a suitable substitute form, or

a securities clearing organization, bank or other financial institution that holds the Notes on behalf of such non-United States holder in the ordinary course of its trade or business certifies to us or our paying agent, under penalties of perjury, that such a Form W-8BEN or W-8IMY, or suitable substitute form, has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

Alternative methods may be applicable for satisfying the certification requirement described in the first paragraph of the last bullet point above. These methods will generally require, in the case of notes held by a foreign partnership, that the certificate described in the second bullet point above be provided by the partners in addition to the foreign partnership, and that the partnership provide certain additional information. A look through rule would apply in the case of tiered partnerships.

If a non-United States holder cannot satisfy the requirements of the portfolio interest exception described above, payments of interest made to such non-United States holder will be subject to a 30% withholding tax, unless the beneficial owner of the note provides us or our paying agent with a properly executed

Form W-8BEN, or successor form, claiming an exemption from or reduction in the rate of withholding under the benefit of an applicable income tax treaty or

Form W-8ECI, or successor form, stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner s conduct of a trade or business in the United States.

In addition, the non-United States holder may under some circumstances be required to obtain a United States taxpayer identification number and make certifications to us. Prospective investors should consult their tax advisors regarding the effect, if any, of the withholding regulations.

U.S. Federal Income Tax

Except for the possible application of United States federal withholding tax discussed above, or backup withholding tax discussed below, a non-United States holder generally will not be subject to United States federal income tax on payments of interest and principal on the notes, or on any gain realized upon the sale, exchange, redemption or retirement of a note, provided

such gain is not effectively connected with the conduct by such holder of a trade or business in the United States, and, if required by an applicable income tax treaty as a condition for subjecting the non-United States holder to United States taxation on a net income basis, the gain is not attributable to a permanent establishment maintained in the United States, and

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in the case of gains derived by an individual, such individual is not present in the United States for 183 days or more in the taxable year of disposition and other conditions are met.

If a non-United States holder is engaged in a trade or business in the United States and interest on the note is effectively connected with the conduct of such trade or business, such non-United States holder will be subject to United States federal income tax on such interest in the same manner as if it were a United States holder. In addition, if such non-United States holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits (which may include both any interest on a note and any gain on a disposition of a note), subject to adjustment, for that taxable year unless it qualifies for a lower rate under an applicable income tax treaty.

Information Reporting and Backup Withholding

We must report annually to the Internal Revenue Service and to each non-United States holder any interest that is subject to withholding, or that is exempt from United States withholding tax pursuant to a tax treaty, or interest that is exempt from United States withholding tax under the portfolio interest exception. Copies of these information returns may also be made available under the provisions of a specific tax treaty or agreement with the tax authorities of the country in which the non-United States holder resides.

Non-United States holders may be subject to backup withholding and additional information reporting requirements. However, backup withholding and additional information reporting requirements do not generally apply to payments of portfolio interest made by us or a paying agent to non-United States holders if the certification described above under U.S. Federal Withholding Tax is received. If the foreign office of a foreign broker, as defined in the applicable Treasury regulations, pays the proceeds of a sale, redemption or other disposition of a note to the seller thereof outside the United States, backup withholding and additional information reporting requirements will generally not apply. However, additional information reporting requirements, but not backup withholding, will generally apply to a payment by a foreign office of a broker that is a United States person or a United States related person, unless the broker has documentary evidence in its records that the holder is a non-United States holder and other conditions are met or the holder otherwise establishes an exemption. For this purpose, a United States related person is:

a foreign person that derives 50% or more of its gross income from all sources in specified periods from activities that are effectively connected with the conduct of a trade or business in the United States,

a controlled foreign corporation, which is a foreign corporation controlled by those United States shareholders who own or are considered as owning 10 percent or more of the total combined voting power of such foreign corporation, or

a foreign partnership, if at any time during its tax year, one or more of its partners are United States persons, as defined in the regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or if at any time during its taxable year such foreign partnership is engaged in a trade or business in the United States.

Payment by a United States office of any United States or foreign broker is generally subject to both backup withholding and additional information reporting unless the holder certifies under penalties of perjury that it is a non-United States holder or otherwise establishes an exemption.

Pursuant to legislation enacted in 2001, the backup withholding rate is 30% for calendar years 2003; 29% for calendar years 2004 and 2005 and 28% for calendar years 2006 through 2010. This legislation is scheduled to expire and the backup withholding rate will be 31% for amounts paid after December 31, 2010 unless Congress enacts legislation providing otherwise. Backup withholding is not an additional tax and any amounts withheld may be credited against a non-United States holder s ultimate United States federal income tax liability.

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CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the exchange notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, Similar Laws), and entities whose underlying assets are considered to include plan assets (within the meaning of ERISA and any Similar Laws) of such plans, accounts and arrangements (each, a Plan).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an ERISA Plan) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the exchange notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a nonexempt prohibited transaction maybe subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a nonexempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of notes by an ERISA Plan with respect to which we are considered a party in interest or disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions (PTCEs) that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1, respecting insurance company pooled separate accounts, PTCE 91-38, respecting bank collective 133 investment funds, PTCE 95-60, respecting life insurance company general accounts and PTCE 96-23, respecting transactions determined by in-house asset managers, although there can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the notes and exchange notes should not be purchased or held by any person investing plan assets of any Plan, unless such purchase and holding (and the exchange of notes for exchange notes) will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of an exchange note, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the notes constitutes assets of any Plan or (ii) the exchange of notes for

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exchange notes by such transferee will not constitute a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the notes (and holding the exchange notes) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such transactions and whether an exemption would be applicable.

PLAN OF DISTRIBUTION

If you wish to exchange your original notes in the exchange offer, you will be required to make representations to us as described in The Exchange Offer Exchange Offer Procedures in this prospectus and in the letter of transmittal. In addition, each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 90 days after the expiration date of the exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of new notes by broker-dealers. New notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the new notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such new notes. Any broker-dealer that resells new notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such new notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit on any such resale of new notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

A broker-dealer that acquired original notes directly from us cannot exchange the original notes in the exchange offer. Any holder who tenders in the exchange offer for the purpose of participating in a distribution of the new notes cannot rely on the no-action letters of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

For a period of 90 days after the expiration date of the exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer, including the expenses of one counsel for the holders of the original notes, other than commissions or concessions of any brokers or dealers, and will indemnify the holders of the original notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The legality of the new notes offered in this prospectus and other matters will be passed upon for us by Paul, Hastings, Janofsky & Walker LLP, New York, New York.

EXPERTS

The consolidated financial statements as of December 29, 2001 and December 28, 2002 and for each of the three years in the period ended December 28, 2002 included in this prospectus and the related financial statement schedule included elsewhere in the registration statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein in the registration statement (which report expresses an unqualified opinion and includes an explanatory paragraph referring to a change in the method of accounting for goodwill), and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Commission a registration statement on Form S-4 (SEC File No. 333-106500). This prospectus, which forms part of that registration statement, does not contain all the information included in the registration statement. For further information about us and the securities offered in this prospectus, you should refer to the registration statement and exhibits.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the internet at the SEC s web site at *www.sec.gov.* You may also read and copy any document we file at the SEC s public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

We maintain an internet site at *http://www.dole.com* which contains information concerning us and our subsidiaries. The information contained on our internet site and those of our subsidiaries is not incorporated by reference in this prospectus and should not be considered a part of this prospectus.

Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual document. You may obtain a copy of any document summarized in this prospectus at no cost by writing to or telephoning us at the address and telephone number and within the time periods specified in Incorporation by Reference.

We are incorporating by reference important business, financial and other information about us into this prospectus. This means that we are disclosing important information to you by referring you to another document filed separately with the SEC that is not delivered with this prospectus. The information incorporated by reference into this prospectus is considered to be part of this prospectus. Information that we file with the SEC after the date of this prospectus will automatically modify and supersede the information included or incorporated by reference in this prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference the following documents filed by us (SEC File No. 1-4455) and any future filings made by us with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, until the date that this exchange offer terminates:

our Annual Report on Form 10-K for the fiscal year ended December 28, 2002, except for the financial statements listed in Item 8;

our Quarterly Report on Form 10-Q for the fiscal quarter ended March 22, 2003, except for the financial statements listed in Item 1; and

our Current Reports on Form 8-K filed with the SEC on March 4, 2003, March 5, 2003, March 18, 2003, March 28, 2003 and April 7, 2003.

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You may request a copy of the information we incorporate by reference into this prospectus at no cost, by writing or telephoning us at the following address and telephone number:

Attn: Corporate Secretary

Dole Food Company, Inc.
One Dole Drive
Westlake Village, California 91362
(818) 874-4000

To obtain timely delivery of any information requested from us, you must request this information no later than August 18, 2003, or five business days before this exchange offer expires.

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INDEX TO FINANCIAL STATEMENTS

We are including the following financial statements in this prospectus, rather than incorporating them by reference to our Annual Report on Form 10-K for the year ended December 28, 2002 and Quarterly Report on Form 10-Q for the quarter ended March 22, 2003, because they include an additional note, Guarantor Financial Information. This additional note appears as Note 19 in the annual financial statements and as Note 13 in the quarterly financial statements. We were not required to include the additional note in our Annual Report on Form 10-K for the year ended December 28, 2002 or in our Quarterly Report on Form 10-Q for the quarter ended March 22, 2003. However, the additional note is required in this prospectus because the new registered 7 1/4% notes we are offering in this exchange offer are guaranteed by all of our wholly owned domestic subsidiaries.

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

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INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying consolidated balance sheets of Dole Food Company, Inc. and subsidiaries (the Company) as of December 28, 2002 and December 29, 2001, and the related consolidated statements of income, shareholders equity, and cash flows for each of the three years in the period ended December 28, 2002. Our audits also included the financial statement schedule of the Company for the each of the three years in the period ended December 28, 2002, included elsewhere in this prospectus. These financial statements and the financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 28, 2002 and December 29, 2001 and the results of its operations and its cash flows for each of the three years in the period ended December 28, 2002 in conformity with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the financial statement schedule for each of the three years in the period ended December 28, 2002, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2, the Company changed its method of accounting for goodwill and other intangible assets in 2002 to conform to Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (SFAS 142).

DELOITTE & TOUCHE LLP

Los Angeles, California

June 19, 2003

DOLE FOOD COMPANY, INC.

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 28, 2002, December 29, 2001 and December 30, 2000

	2002	2001	2000
	(In thousands, except per share amounts)		
Revenues, net	$4,392,073	$4,314,821	$4,400,113
Cost of products sold	3,687,738	3,881,781	3,923,957
Gross margin	704,335	433,040	476,156
Selling, marketing and general and administrative expenses	420,890	383,259	396,391
Gain on sale of citrus assets			(8,578)
Hurricane Mitch insurance proceeds, net			(42,506)
Operating income	283,445	49,781	130,849
Interest income	11,993	5,801	14,606
Other (expense) income net	(4,561)	7,396	627
Interest expense	80,890	70,708	90,445
Income (loss) from continuing operations before income taxes and cumulative effect of a change in accounting principle	209,987	(7,730)	55,637
Income taxes	53,789	29,348	19,547
Income (loss) from continuing operations, net of income taxes	156,198	(37,078)	36,090
Income from discontinued operations, net of income taxes		18,856	31,565
Gain on disposal of discontinued operations, net of income taxes		168,626	
Income before cumulative effect of a change in accounting principle	156,198	150,404	67,655
Cumulative effect of a change in accounting principle	119,917		
Net income	$ 36,281	$ 150,404	$ 67,655
Earnings (loss) per common share basic			
Continuing operations	$ 2.78	$ (0.66)	$ 0.65
Discontinued operations		3.35	0.56
Cumulative effect of a change in accounting principle	(2.14)		
Net income	$ 0.64	$ 2.69	$ 1.21
Earnings (loss) per common share diluted			
Continuing operations	$ 2.76	$ (0.66)	$ 0.65
Discontinued operations		3.33	0.56
Cumulative effect of a change in accounting principle	(2.12)		
Net income	$ 0.64	$ 2.67	$ 1.21
Weighted-average number of common shares outstanding basic	56,089	55,895	55,854

Weighted-average number of common shares outstanding diluted	56,588	56,319	55,989

See Notes to Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

CONSOLIDATED BALANCE SHEETS

As of December 28, 2002 and December 29, 2001

	2002	2001
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 646,967	$ 361,326
Receivables, net of allowances of $70,938 and $89,331.	505,427	531,923
Inventories	410,912	386,099
Prepaid expenses	42,467	46,430
Deferred income tax assets	36,842	46,053
Total current assets	1,642,615	1,371,831
Investments	80,939	81,061
Property, plant and equipment, net of accumulated depreciation of $917,983 and $882,445	1,026,565	917,225
Goodwill, net of accumulated amortization of $33,300 and $49,764	132,080	255,946
Other assets, net	154,653	141,759
Total assets	$3,036,852	$2,767,822
LIABILITIES AND SHAREHOLDERS EQUITY		
Notes payable	$ 11,601	$ 17,347
Current portion of long-term debt	230,813	9,792
Accounts payable	262,461	249,582
Accrued liabilities	448,483	537,654
Total current liabilities	953,358	814,375
Long-term debt	882,480	816,124
Other long-term liabilities	426,613	369,275
Minority interests	29,290	32,018
Commitments and contingencies (Notes 15 and 16)		
Shareholders equity		
Preferred stock, no par value		
Authorized: 30 million shares, issued and outstanding: none		
Common stock, no par value	316,853	316,512
Authorized: 80 million shares, 56.2 million shares issued and outstanding at December 28, 2002 and 55.9 million shares issued and outstanding at December 29, 2001		
Additional paid-in capital	66,319	57,220
Retained earnings	449,334	446,689
Accumulated other comprehensive loss	(87,395)	(84,391)
Total shareholders equity	745,111	736,030
Total liabilities and shareholders equity	$3,036,852	$2,767,822

See Notes to Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 28, 2002, December 29, 2001 and December 30, 2000

	2002	2001	2000
		(In thousands)	
Operating activities			
Net income	$ 36,281	$ 150,404	$ 67,655
Less: Income from discontinued operations, net of income taxes		187,482	31,565
Income (loss) from continuing operations	36,281	(37,078)	36,090
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of a change in accounting principle	119,917		
Depreciation and amortization	107,676	117,954	125,343
Income tax benefit on the exercise of certain stock options	1,797		
Provision for bad debts	20,714	24,716	32,091
Net gain on sale of assets	(907)	(1,413)	(12,098)
Non-cash portion of special charges related to asset write-downs		60,527	12,430
Gain on sale of available-for-sale securities		(8,173)	
Equity earnings, net of distributions	(8,930)	(3,077)	(7,260)
Provision for deferred income taxes	16,488	17,347	4,447
Hurricane Mitch insurance proceeds			(52,856)
Other	8,876	10,329	17,843
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Receivables	(6,717)	1,836	10,269
Inventories	(38,159)	44,637	35,860
Prepaid expenses and other assets	3,048	226	(15,832)
Accounts payable and accrued liabilities	(40,771)	10,186	(49,117)
Other long-term liabilities	7,855	5,497	(16,409)
Cash flow provided by operating activities of continuing operations	227,168	243,514	120,801
Cash flow provided by operating activities of discontinued operations		23,946	48,870
Cash flow provided by operating activities	227,168	267,460	169,671
Investing activities			
Proceeds from sale of available-for-sale securities		34,411	
Investments in available-for-sale securities		(26,238)	
Proceeds from sales of assets	35,845	35,126	57,151
Proceeds from sales of businesses, net of cash disposed	23,724		
Capital additions	(233,673)	(119,752)	(110,555)
Proceeds from disposal of discontinued operations, net of cash disposed		536,951	
Hurricane Mitch insurance proceeds			52,856
Other	3,728	(2,018)	(910)
Cash flow (used in) provided by investing activities of continuing operations	(170,376)	458,480	(1,458)

Cash flow used in investing activities of discontinued operations		(11,052)	(13,077)
Cash flow (used in) provided by investing activities	(170,376)	447,428	(14,535)
Financing activities			
Short-term debt borrowings	23,901	11,000	49,824
Short-term debt repayments	(133,557)	(27,338)	(61,730)
Long-term debt borrowings	400,583	3,394	246,536
Long-term debt repayments	(28,496)	(337,751)	(376,347)
Dividends paid to common shareholders	(33,636)	(22,341)	(22,338)
Dividends paid to minority shareholders	(9,379)	(132)	(3,639)
Proceeds from issuance of common stock	5,192	332	127
Cash flow provided by (used in) financing activities of continuing operations	224,608	(372,836)	(167,567)
Cash flow used in financing activities of discontinued operations		(4,847)	(2,174)
Cash flow provided by (used in) financing activities	224,608	(377,683)	(169,741)
Effect of foreign exchange rate changes on cash	4,241	(1,030)	(591)
Increase (decrease) in cash and cash equivalents	285,641	336,175	(15,196)
Cash and cash equivalents at beginning of period	361,326	25,151	40,347
Cash and cash equivalents at end of period	$ 646,967	$ 361,326	$ 25,151

See Notes to Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

For the Years Ended December 28, 2002, December 29, 2001 and December 30, 2000

	Common Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders Equity	Comprehensive Income
				(In thousands, except per share data)			
Balance, January 1, 2000	55,835	$316,478	$56,795	$273,309	$(114,657)	$531,925	
Net income				67,655		67,655	$ 67,655
Cash dividends declared ($0.40 per share)				(22,338)		(22,338)	
Unrealized foreign currency translation gain (loss), net					(19,788)	(19,788)	(19,788)
Additional minimum pension liability adjustments					(2,793)	(2,793)	(2,793)
Issuance of common stock	10	10	117			127	
Comprehensive income 2000							$ 45,074
Balance, December 30, 2000	55,845	$316,488	$56,912	$318,626	$(137,238)	$554,788	
Net income				150,404		150,404	$150,404
Cash dividends declared ($0.40 per share)				(22,341)		(22,341)	
Unrealized foreign currency translation gain (loss), net					(13,809)	(13,809)	(13,809)
Reclassification of translation losses realized upon the disposition of a foreign entity					72,467	72,467	72,467
Unrealized net gains on cash flow hedging instruments					15,282	15,282	15,282
Additional minimum pension liability adjustments					(21,093)	(21,093)	(21,093)
Issuance of common stock	24	24	308			332	
Comprehensive income 2001							$203,251
Balance, December 29, 2001	55,869	$316,512	$57,220	$446,689	$ (84,391)	$736,030	
Net income				36,281		36,281	$ 36,281
Cash dividends declared ($0.60 per share)				(33,636)		(33,636)	
Unrealized foreign currency translation gain (loss), net					19,002	19,002	19,002
Reclassification of translation losses realized upon the disposition of foreign entities					5,917	5,917	5,917
Unrealized net losses on cash flow hedging instruments					(16,152)	(16,152)	(16,152)
Additional minimum pension liability adjustments					(11,771)	(11,771)	(11,771)
Income tax benefit on the exercise of certain stock options			1,797			1,797	
Issuance of common stock	341	341	7,302			7,643	
Comprehensive income 2002							$ 33,277
Balance, December 28, 2002	56,210	$316,853	$66,319	$449,334	$ (87,395)	$745,111	

See Notes to Consolidated Financial Statements

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Nature of Operations

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

Dole Food Company, Inc. and its consolidated subsidiaries (the Company) are engaged in the worldwide sourcing, processing, distributing and marketing of high-quality, branded food products, including fresh fruit and vegetables, as well as packaged foods. Additionally, the Company markets a full-line of premium fresh-cut flowers.

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

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

Note 2 Summary of Significant Accounting Policies

Principles of Consolidation: The Company s consolidated financial statements include the accounts of Dole Food Company, Inc. and its majority-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Annual Closing Date: The Company s fiscal year ends on the Saturday closest to December 31. Fiscal years 2002, 2001 and 2000 ended on December 28, 2002, December 29, 2001 and December 30, 2000, respectively, and included 52 weeks each.

Concentration of Credit Risk: Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash equivalents, foreign currency exchange contracts, grower advances and trade receivables. The Company maintains its temporary cash investments with high quality financial institutions, which are invested in primarily short-term U.S. government instruments and certificates of deposit. The counter parties to the Company s foreign currency exchange contracts are major financial institutions. Grower advances are principally with farming enterprises located throughout Latin America and Asia and are secured by the underlying crop harvests. Credit risk related to trade receivables is mitigated due to the large number of customers dispersed worldwide. To reduce credit risk, the Company performs periodic credit evaluations of its customers but does not generally require advance payments or collateral. Additionally, the Company maintains allowances for credit losses.

Revenue Recognition: Revenue is recognized when product has been delivered and legal title and risk of loss transfer to the customer, collection is reasonably assured, persuasive evidence of an arrangement exists and the price is fixed or determinable. Revenue is recorded net of discounts, rebates and certain sales incentives in accordance with Emerging Issues Task Force (EITF) Issue No. 01-9, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor s Products)* (EITF 01-9).

EITF 01-9 requires companies to report certain consideration given by a vendor to a customer as a reduction in revenues rather than as marketing expense. This consensus was required to be adopted no later than the first quarter of 2002 and upon adoption, companies were required to retroactively reclassify such amounts in previously issued financial statements to comply with the income statement classification requirements of the consensus. The Company adopted the provisions of EITF 01-9 during the first quarter of

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2002. The impact of the adoption was limited to reclassifications of costs previously included in selling, marketing and general and administrative expenses as a reduction of revenues. The change in presentation had no impact on the Company s reported operating or net income. Prior year comparative amounts have been reclassified to comply with EITF 01-9. The effect of the adoption of EITF 01-9 was a reduction of $134 million and $102 million, respectively, in both revenues and selling, marketing and general and administrative expenses for the previously reported fiscal years ended 2001 and 2000.

Agricultural Costs: Recurring agricultural costs for bananas, pineapples and flowers are charged to operations as incurred. Recurring agricultural costs related to other crops are recognized when the crops are harvested and sold. Non-recurring agricultural costs, primarily comprised of soil and farm improvements and other long-term crop growing costs, are deferred and amortized over the estimated production period, currently from two to seven years.

Shipping and Handling Costs: The Company follows the provisions of EITF Issue No. 00-10, *Accounting for Shipping and Handling Fees and Costs*. Any amounts billed to third party customers for shipping and handling are included as a component of revenues. Shipping and handling costs incurred are included as a component of costs of products sold and represent costs incurred by the Company to ship product from the sourcing locations to the end consumer markets.

Marketing and Advertising Costs: Marketing and advertising costs, which include media, production and other promotional costs, are generally expensed in the period in which the marketing or advertising first takes place. In limited circumstances, the Company capitalizes payments related to the right to stock products in customer outlets or to provide funding for various merchandising programs over a specified contractual period. In such cases, the Company amortizes the costs over the life of the underlying contract. The amortization of these costs, as well as other marketing and advertising costs that relate to discounts, rebates and certain sales incentives, are classified as a reduction in revenue in accordance with EITF 01-9. Advertising and marketing costs, included in selling, marketing and general and administrative expenses, amounted to $72 million, $61 million and $87 million in 2002, 2001 and 2000, respectively.

Research and Development Costs: Research and development costs are expensed as incurred. Research and development costs were not material in 2002, 2001 and 2000.

Stock-Based Compensation: The Company uses the intrinsic value method of accounting for stock options granted to employees, and accordingly does not recognize compensation expense if the exercise price of the Company s stock options is equal to or greater than the market price of the underlying stock on the date of grant. The Company has decided to adopt the fair value method of accounting for stock options in the first quarter of 2003. See Note 12 for pro-forma information on the impact of the fair value method of accounting for stock options.

Income Taxes: Deferred income taxes are recognized for the income tax effect of temporary differences between financial statement carrying amounts and the income tax bases of assets and liabilities. Income taxes, which would be due upon the repatriation of foreign subsidiary earnings, have not been provided where the undistributed earnings are considered indefinitely invested. A valuation allowance is provided for deferred income tax assets for which it is deemed more likely than not that future taxable income will not be sufficient to realize the related income tax benefits from these assets.

Earnings per Common Share: Basic earnings per common share is calculated by dividing net income by the weighted-average number of common shares outstanding during the year. The basic weighted-average number of common shares outstanding was 56.1 million for 2002 and 55.9 million for both 2001 and 2000. Diluted earnings per common share is calculated using the weighted-average number of common and common equivalent shares outstanding during the year. Potential common shares are excluded from the computation in periods in which they have an anti-dilutive effect. The difference between basic and diluted earnings per common share for the Company is solely attributable to stock options. Stock options for which

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the exercise price exceeds the average market price over the period have an anti-dilutive effect. For 2002, 2001 and 2000, options for 1.1 million, 1.9 million and 2.5 million shares, respectively, were excluded from the diluted earnings per common share calculation because they were anti-dilutive. The diluted weighted-average number of common and common equivalent shares outstanding was 56.6 million for 2002, 56.3 million for 2001 and 56.0 million for 2000.

Comprehensive Income: Other comprehensive income is comprised of changes to shareholders equity, other than contributions from or distributions to shareholders, excluded from the determination of net income under accounting principles generally accepted in the United States of America. The Company s other comprehensive income is principally comprised of unrealized foreign currency translation gains and losses, unrealized gains and losses on cash flow hedging instruments and additional minimum pension liability. Comprehensive income is presented in the Company s Consolidated Statements of Shareholders Equity.

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

Grower Advances: Grower advances are stated at the gross advance amount less allowances for potential uncollectible balances. Such advances are generally secured by productive assets.

Inventories: Inventories are valued at the lower of cost or market. Cost is determined principally on a first-in, first-out basis and includes materials, labor and overhead. Specific identification and average cost methods are also used primarily for certain packing materials and operating supplies.

Investments: Investments in affiliates and joint ventures with ownership of 20% to 50% are recorded using the equity method, provided the Company has the ability to exercise significant influence. All other non-consolidated investments are accounted for using the cost method. At December 28, 2002 and December 29, 2001, substantially all of the Company s investments relate to equity method investments. The Company accounts for investments in equity securities that have readily determinable fair values and debt securities as available-for-sale. Unrealized gains and losses, net of tax, on available-for-sale investments are reflected in accumulated other comprehensive loss. At December 28, 2002 and December 29, 2001, the Company did not hold any available-for-sale securities.

Property, Plant and Equipment: Property, plant and equipment is stated at cost, less accumulated depreciation. Depreciation is computed principally by the straight-line method over the estimated useful lives of these assets. The Company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an evaluation of recoverability is required, the estimated undiscounted future cash flows directly associated with the asset is compared to the asset s carrying amount. If this comparison indicates that there is an impairment, the amount of the impairment is calculated by comparing the carrying value to discounted expected future cash flows or comparable market values, depending on the nature of the asset. All long-lived assets, for which management has committed itself to a plan of disposal by sale, are reported at the lower of carrying amount or fair value less cost to sell. Long-lived assets to be disposed of other than by sale are classified as held and used until the date of disposal.

In August 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 144 (FAS 144), *Accounting for the Impairment or Disposal of Long-Lived Assets*. This statement supersedes Statement of Financial Accounting Standards No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, and amends other guidance related to the accounting and reporting of long-lived assets. The Company adopted FAS 144 as of December 30, 2001, the first day of its 2002 fiscal year. The adoption of FAS 144 did not have a material impact on the Company s financial condition or results of operations.

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Goodwill: Goodwill represents the excess cost of a business acquisition over the fair value of the net identifiable assets acquired. The Company adopted Statement of Financial Accounting Standards No. 142 (FAS 142), *Goodwill and Other Intangible Assets*, effective December 30, 2001, the first day of its 2002 fiscal year. As a result, goodwill is no longer amortized, but reviewed for impairment annually, or more frequently if certain impairment indicators arise. Goodwill amortization expense for 2001 and 2000 totaled $11 million and $12 million, respectively.

In the second quarter of 2002, the Company completed its transitional goodwill impairment review resulting in a non-cash impairment charge of $120 million, which has been reflected in the Consolidated Statements of Income as a cumulative effect of a change in accounting principle. Additionally, the 2001 and 2000 financial statements have been revised to include the transitional disclosures required by FAS 142 (see Note 9).

Financial Instruments: The Company s financial instruments are primarily comprised of short-term trade and grower receivables, notes receivable and notes payable, as well as long-term grower receivables, notes receivable, notes payable and debentures. For short-term instruments, the historical carrying amount is a reasonable estimate of fair value. Fair values for long-term financial instruments not readily marketable are estimated based upon discounted future cash flows at prevailing market interest rates. Based on these assumptions, management believes the fair market values of the Company s financial instruments are not materially different from their recorded amounts as of December 28, 2002 and December 29, 2001.

Effective December 31, 2000, the first day of its 2001 fiscal year, the Company adopted Statement of Financial Accounting Standards No. 133 (FAS 133), *Accounting for Derivative Instruments and Hedging Activities*, as amended by Statement of Financial Accounting Standards No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities an amendment of FASB Statement No. 133*. FAS 133 requires that all derivative instruments (including certain derivative instruments embedded in other contracts) be reported at fair value with changes in fair value recognized in earnings or other comprehensive income. Recognition depends on whether the derivative is designated and effective as part of a hedge transaction and on the type of hedge transaction (fair value or cash flow). Gains or losses on derivative instruments recorded in other comprehensive income must be reclassified to income during the period in which earnings are affected by the underlying hedged item. The ineffective portion of all hedges impacts earnings as incurred.

The Company s derivative instruments, as defined by FAS 133, consisted of foreign currency exchange forwards. The Company enters into foreign currency exchange forward contracts to reduce its risk related to anticipated working capital collections and payments denominated in foreign currencies. At December 28, 2002, these contracts are denominated in Japanese yen and are designated as cash flow hedges under FAS 133. The Company s foreign currency exchange forwards, in an aggregate outstanding notional amount of $78 million, were designated and effective as hedges of future cash flows. The fair value of the Company s outstanding foreign currency exchange forwards totaled $(0.9) million and $15 million as of December 28, 2002 and December 29, 2001, respectively, and were included as a component of accumulated other comprehensive loss in shareholders equity. Settlement of these contracts will occur in 2003. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Foreign Exchange: For subsidiaries with transactions denominated in currencies other than their functional currency, net foreign exchange transaction gains or losses are included in determining net income. These transactions resulted in a net gain of $19 million in 2002, and net losses of $3 million and $8 million in 2001 and 2000, respectively. Net foreign exchange gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries whose functional currency is not the U.S. dollar are recognized as a component of accumulated other comprehensive loss in shareholders equity. The impact of such foreign exchange differences has been excluded from the applicable changes in operating assets and liabilities, and the

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

impact on cash has been reflected on the effect of foreign exchange rate changes line as shown in the Consolidated Statements of Cash Flows.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosures of contingent assets and liabilities as of the date of these financial statements. Management s use of estimates also affects the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications: Certain prior year amounts have been reclassified to conform with the 2002 presentation. These reclassifications had no impact on previously reported net income or total shareholders equity.

Recently Issued Accounting Pronouncements: In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143 (FAS 143), *Accounting for Asset Retirement Obligations*. This standard provides accounting guidelines for the cost of legal obligations associated with the retirement of long-lived assets. FAS 143 requires that companies recognize the fair value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as part of the book value of the long-lived asset. The resulting net cost is then depreciated over the remaining life of the underlying long-lived asset. FAS 143 is effective for fiscal years beginning after June 15, 2002. As required, the Company will adopt the provisions of FAS 143 on December 29, 2002, the first day of its 2003 fiscal year. The Company does not expect the adoption of FAS 143 to have a material impact on its financial condition or results of operations.

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145 (FAS 145), *Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections*. FAS 145 rescinds both Statement of Financial Accounting Standards No. 4 (FAS 4), *Reporting Gains and Losses from Extinguishment of Debt*, and Statement of Financial Accounting Standards No. 64, *Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements*. In so doing, FAS 145 eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect, unless the criteria in Accounting Principles Board Opinion No. 30 (APB 30), *Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transaction*, are met. FAS 145 amends Statement of Financial Accounting Standards No. 13 (FAS 13), *Accounting for Leases*, to require that certain lease modifications that have economic effects similar to sale-leaseback transactions are accounted for in the same manner as sale-leaseback transactions. FAS 145 also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. The provisions of FAS 145 related to the rescission of FAS 4 are effective for fiscal years beginning after May 15, 2002. The provisions of FAS 145 related to the amendment of FAS 13 are effective for transactions occurring after May 15, 2002. All other provisions of FAS 145 are effective for financial statements issued on or after May 15, 2002. The Company early adopted the provisions of FAS 145 and included losses from early retirement of debt of $3.4 million for the year ended December 28, 2002 in other (expense) income net in the Consolidated Statements of Income.

In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146 (FAS 146), *Accounting for Costs Associated with Exit or Disposal Activities*. FAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)*(EITF 94-3). This statement requires that the fair value of an initial liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred as opposed to when the entity commits to an exit plan, thereby eliminating the definition and requirements for recognition of exit costs. The provisions of FAS 146 are effective for exit or disposal activities that are initiated

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

after December 31, 2002. The Company is in the process of evaluating the impact of this statement and does not expect the adoption of FAS 146 to have a material impact on the Company s financial condition or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. FIN 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees. FIN 45 also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. FIN 45 specifically identifies certain obligations that are excluded from the provisions related to recognizing a liability at inception, however, these guarantees are subject to the disclosure requirements of FIN 45. The initial recognition and measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for all annual periods ending after December 15, 2002. The Company has included the necessary disclosures in Note 15, Leases and Other Commitments, and Note 16, Contingencies. The Company does not expect the adoption of the recognition requirements of FIN 45 in 2003 to have a material impact on the Company s financial condition or results of operations.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 (FAS 148), *Accounting for Stock-Based Compensation Transition and Disclosure, an amendment of FASB Statement No. 123*. FAS 148 amends Statement of Financial Accounting Standards No. 123 (FAS 123), Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, FAS 148 amends certain disclosure requirements of FAS 123. FAS 148 is effective for fiscal years ending after December 15, 2002. As discussed in Note 12, the Company has decided to adopt the fair value method of accounting for stock-based employee compensation in the first quarter of 2003. The Company will apply the prospective method of adoption outlined in FAS 148. The prospective method applies the recognition provisions of FAS 123 to all employee awards granted, modified or settled after the beginning of the fiscal years in which the recognition provisions are first applied. The Company does not expect the adoption of FAS 148 to have a material impact on the Company s financial condition or results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), *Consolidation of Variable Interest Entities*. This standard clarifies the application of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, and addresses consolidation by business enterprises of variable interest entities (more commonly known as Special Purpose Entities or SPEs). FIN 46 requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risk among the parties involved. FIN 46 also significantly enhances the disclosure requirements related to variable interest entities. This statement is effective for variable interest entities created or in which an enterprise obtains an interest after January 31, 2003. It applies in the first fiscal year or interim period beginning after June 15, 2003 for all interests in variable interest entities acquired before February 1, 2003. Consolidation of the Company s off-balance sheet leases, if required by the statement, would increase assets and liabilities on the consolidated balance sheet by approximately $50 million. The Company is currently in the process of evaluating the impact of this statement on its financial condition and results of operations.

Note 3 Discontinued Operations

On November 28, 2001, the Company disposed of its 97% interest in the capital stock of Cervecerìa Hondureña S.A., a Honduran corporation principally engaged in the beverage business in Honduras (CHSA or the Honduran beverage business). Such interest in CHSA had been held by two subsidiaries of the Company. The disposition was accomplished by means of a stock exchange transaction in which the Company acquired a subsidiary of South African Breweries plc (SAB) that held as its sole asset $537 million in cash. The Company received $561 million as consideration for the disposition of CHSA,

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

comprised of $537 million in cash and $24 million of intercompany debt forgiveness between CHSA and a subsidiary of the Company.

The Company s Consolidated Financial Statements and Notes to Consolidated Financial Statements for 2001 and 2000 have been restated to reflect the Honduran beverage business as a discontinued business segment in accordance with APB 30.

Summarized financial information for the discontinued operations, through November 28, 2001, is as follows (in thousands):

	2001	2000
Revenues	$239,006	$260,604
Income before income taxes	$ 23,648	$ 43,855
Income taxes	4,792	12,290
Income from discontinued operations, net of income taxes	$ 18,856	$ 31,565
Gain on disposal of discontinued operations, net of income taxes of $128 million	$168,626	

Income before income taxes includes an interest expense allocation of $7 million in both 2001 and 2000. The allocation was based on the ratio of net assets of discontinued operations to consolidated net assets, plus consolidated debt other than debt directly attributed to discontinued operations assumed and debt that was directly attributed to other operations of the Company.

Note 4 Business Dispositions

On October 1, 2002, the Company sold its wholly owned subsidiary, Saman S.A. (Saman), for $6.2 million in cash, net of cash on hand at the date of sale. Saman is a European dried fruit and nut processor held for sale since 2001. The financial results of Saman are included in the packaged foods reporting segment through the effective date of disposal. In the third quarter of 2002, the Company recorded a loss on the sale of approximately $4.1 million, net of transaction expenses. The loss is included in selling, marketing and general and administrative expenses in the Consolidated Statements of Income. Revenues related to Saman for 2002, 2001 and 2000 were $27 million, $50 million and $64 million, respectively. Operating losses related to Saman for 2002 and 2001 were $4 million and $1 million, respectively, and operating income for 2000 was $0.7 million.

In September 2002, the Company sold all of its 91% interest in and outstanding loans due from Pascual Hermanos, S.A. (Pascual Hermanos), a Spanish corporation held for sale since 2001, for approximately $18.1 million, net of cash on hand at the date of sale. The financial results of Pascual Hermanos are included in the fresh vegetables reporting segment through the effective date of disposal. In the third quarter of 2002, the Company recorded a gain on this sale of approximately $4.3 million, net of transaction expenses. The gain is included in selling, marketing and general and administrative expenses in the Consolidated Statements of Income. Revenues related to Pascual Hermanos for 2002, 2001 and 2000 were $26 million, $45 million and $51 million, respectively. Operating income related to Pascual Hermanos for 2002 and 2001 was $4 million and $1 million, respectively, and operating losses for 2000 were $1 million.

On September 27, 2000, the Company sold the assets of its citrus operations located in California and Arizona for approximately $55 million. Production assets were transferred to the buyer in the third quarter of 2000 for net cash proceeds of $45 million, resulting in a net gain of $8 million. The remaining $10 million of proceeds were for secured grower contracts, approximately half of which were transferred to the buyer in the fourth quarter of 2000, resulting in a net gain of $1 million. The combined $9 million net gain has been

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

reported on a separate line in the Consolidated Statements of Income. Title to the remaining grower contracts was transferred at an amount approximating book value in the first quarter of 2001. The citrus operations had revenues and operating losses of $28 million and $0.3 million, respectively, in 2000.

Note 5 Other Gains and Charges

Gain on Investment in Available-for-Sale Securities: During the first quarter of 2001, the Company invested in available-for-sale securities with an aggregate cost of $26 million. The securities were sold during the second quarter of 2001 for $34 million, resulting in a nonoperating gain of $8 million. The $8 million gain is recorded in other (expense) income net in the Consolidated Statement of Income for 2001. For segment reporting purposes, this gain is included in the Corporate and other segment.

Business Downsizing Charges: In the third quarter of 2000, the Company initiated a plan to downsize its fresh fruit operations, including the complete shutdown of certain activities, due to continuing oversupply and other market conditions affecting the Company s fresh fruit segment. In connection with its plan, the Company recorded a $46 million charge, which was reported in cost of products sold in the Consolidated Statements of Income. The $46 million charge included costs to reduce the Company s existing productive capacity in its banana operations in Latin America and Asia, as well as costs to shut down its melon and citrus farming activities in Honduras and the downsizing of its distribution network in Europe. In its Latin America banana operations, the Company closed certain production sites, severed some employee arrangements, terminated some contracts with independent growers, and divested its controlling interest in a production joint venture in South America. In its Asian banana operations, the Company exited production on certain agricultural lands and terminated some employees and contracts with independent growers. In its European operations, the Company reduced its workforce, primarily in northern Europe. The $46 million charge had been fully utilized by December 28, 2002. A total of 4,880 employees in the Company s operations have been severed as of December 28, 2002.

In the first quarter of 2001, the Company effected the divestiture of its controlling interest in a banana production joint venture in South America. In its $46 million charge in the third quarter of 2000, the Company recognized asset impairments related to this divestiture totaling $8 million, primarily for goodwill. Upon divestiture, the Company recognized an additional $5 million of asset write-offs in its fresh fruit segment.

During the second and third quarters of 2001, the Company implemented business reconfiguration programs resulting in $133 million of expenses that were recognized as a component of cost of products sold in the Consolidated Statements of Income. Of the $133 million of expenses, $28 million was recognized in the second quarter of 2001 for the shutdown and related asset sales of the Company s California deciduous and Pacific Northwest apples operations, which included packinghouses, ranches and orchards in California and Washington. The remaining $105 million was recognized in the third quarter of 2001 and included costs associated with the planned divestiture of the Company s Pascual Hermanos vegetables subsidiary in Spain and certain other non-core businesses in Europe, as well as the downsizing of banana and flower operations in Latin America and banana production in the Philippines. The assets impacted by these reconfiguration programs were to be disposed of either by sale or closure. In connection with these reconfiguration programs, 2,906 management and production employees in the Company s operations were initially identified for termination. The majority of the employees identified for termination worked in Pascual Hermanos and the banana and fresh-cut flowers businesses in Latin America.

As discussed in Note 4, the Company sold all of its interest in Pascual Hermanos in the third quarter of 2002. As part of this transaction, the buyer relieved the Company of approximately $20 million of severance liabilities related to Pascual Hermanos employees. As a result, the Company included the severance accruals as part of the net assets in the computation of the sale calculation. Approximately 1,500 employees of the 2,906 employees that were originally identified for termination by the Company worked at Pascual Hermanos.

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 28, 2002, all employees, excluding the employees of Pascual Hermanos whose employment was assumed by the new owner of Pascual Hermanos, had been severed under the Company s 2001 reconfiguration program. The remaining employee severance accrual at December 28, 2002 relates to unpaid severance costs for terminated employees.

The amounts recorded, utilized and accrued as of December 28, 2002 in each asset, liability and expense category for the 2001 business reconfiguration programs were as follows (in thousands):

	2001 Expense	Adjustments	Utilized to Date	Accrued as of December 28, 2002
Property, plant and equipment	$ 60,527	$	$ 60,527	$
Goodwill	4,246		4,246	
Long-term advances	6,881		6,881	
Receivables and other assets	18,882		18,882	
Accrued costs:				
Employee severance	31,878	(20,079)	11,133	666
Contract terminations	4,292	(386)	3,755	151
Other accrued costs	5,978	(679)	2,042	3,257
Total business reconfiguration costs	$132,684	$(21,144)	$107,466	$4,074

Of the total $133 million reconfiguration expense, the Company recognized approximately $90 million in non-cash charges and made cash payments of approximately $17 million through December 28, 2002. Adjustments represent accruals, including the severance accrual discussed above, that were no longer required as a result of the sale of Pascual Hermanos.

Hurricane Mitch Insurance Proceeds: In 2000, the Company received insurance proceeds of $53 million in final settlement of substantially all insurance claims related to losses sustained from Hurricane Mitch (Mitch), which devastated portions of Latin America in the fourth quarter of 1998. These proceeds were partially offset by $10 million in rehabilitation and other Mitch-related costs. The net proceeds, which have been reported on a separate line in the Consolidated Statements of Income, were $43 million in 2000.

Note 6 Income Taxes

Income tax expense (benefit) was as follows (in thousands):

	2002	2001	2000
Current			
Federal, state and local	$29,625	$ 1,213	$ 1,432
Foreign	7,676	10,788	13,668
	37,301	12,001	15,100
Deferred			
Federal, state and local	13,424	17,856	6,379
Foreign	3,064	(509)	(1,932)
	16,488	17,347	4,447

	$53,789	$29,348	$19,547

Pretax earnings attributable to foreign operations were $225 million, $15 million and $14 million, for 2002, 2001 and 2000, respectively. Undistributed earnings of foreign subsidiaries, which are intended to be

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

indefinitely invested, aggregated $1.4 billion at December 28, 2002. It is not currently practicable to estimate the tax liability that might be payable if these foreign earnings were repatriated.

The Company s reported income tax expense on continuing operations differed from the expense calculated using the U.S. federal statutory tax rate for the following reasons (in thousands):

	2002	2001	2000
Expense computed at U.S. federal statutory income tax rate of 35%	$ 73,495	$ (2,706)	$ 19,473
Foreign income taxed at different rates	(37,469)	(6,906)	(5,995)
Dividends from subsidiaries		116	
State and local income tax, net of federal income tax benefit	9,742	5,960	1,698
Valuation allowances	12,756	33,727	7,479
Refund of prior years taxes	(5,008)		(3,376)
Other	273	(843)	268
Reported income tax expense	$ 53,789	$ 29,348	$ 19,547

Total income tax cash payments, net of refunds, for 2002, 2001 and 2000 were $95 million, $18 million and $18 million, respectively.

Deferred tax assets (liabilities) were comprised of the following (in thousands):

	2002	2001
Operating accruals	$ 37,312	$ 67,216
Depreciation and amortization	14,160	(13,053)
Inventory valuation methods	2,586	2,316
Effect of differences between book values assigned in prior acquisitions and historical tax values	(33,445)	(28,894)
Postretirement benefits	30,029	8,750
Tax credit carryforwards	18,388	11,674
Net operating loss carryforwards	26,614	20,151
Asset impairments	5,835	7,740
Valuation allowances	(63,722)	(50,966)
Other, net	(3,374)	(10)
	$ 34,383	$ 24,924

The Company has gross net operating loss carryforwards of $88.8 million at December 28, 2002. The Company has recorded deferred tax assets of $26.6 million for foreign net operating loss carryforwards, which, if unused, will expire between 2003 and 2012.

A valuation allowance was established to offset the deferred tax assets related to certain deferred taxes in foreign jurisdictions. The entire valuation allowance is included in non-current deferred tax assets. The Company has deemed it more likely than not that future taxable income in the relevant foreign taxing jurisdictions will not be sufficient to realize the related income tax benefits for these assets.

The tax credit carryforward amount of $18.4 million is primarily comprised of foreign tax credits, which can be utilized to reduce regular tax liabilities, which, if unused, will expire in 2006.

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Total deferred tax assets and deferred tax liabilities were as follows (in thousands):

	2002	2001
Deferred tax assets	$ 208,618	$ 223,113
Deferred tax asset valuation allowance	(63,722)	(50,966)
	144,896	172,147
Deferred tax liabilities	(110,513)	(147,223)
Net deferred tax assets	$ 34,383	$ 24,924
Current deferred tax assets consist of:		
Deferred tax assets	$ 36,859	$ 46,053
Deferred tax liabilities	(17)	
Net current deferred tax assets	36,842	46,053
Non-current deferred tax liabilities consist of:		
Deferred tax assets, net of valuation allowance	108,037	126,094
Deferred tax liabilities	(110,496)	(147,223)
Net non-current deferred tax liabilities	(2,459)	(21,129)
Net deferred tax assets	$ 34,383	$ 24,924

Net non-current deferred tax liabilities are included in other long-term liabilities in the Consolidated Balance Sheets.

The Company is subject to examination by taxing authorities in the various jurisdictions in which it files tax returns. Matters raised upon audit may involve substantial amounts and could be material if resolved unfavorably. However, as of December 28, 2002, management considered it unlikely that the resolution of any such matters would have a material adverse effect upon the Company s financial condition or results of operations.

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7 Details of Certain Assets and Liabilities

Details of receivables and inventories were as follows (in thousands):

	2002	2001
Receivables		
Trade	$462,652	$466,329
Notes and other	68,538	110,763
Grower advances	34,924	31,935
Other	10,251	12,227
	576,365	621,254
Allowance for doubtful accounts	(70,938)	(89,331)
	$505,427	$531,923
Inventories		
Finished products	$180,580	$157,776
Raw materials and work in progress	111,725	110,989
Crop growing costs	59,672	55,251
Operating supplies and other	58,935	62,083
	$410,912	$386,099

Accrued liabilities as of December 28, 2002 and December 29, 2001 included $104 million and $94 million, respectively, of employee-related costs and benefits, $68 million and $65 million, respectively, of amounts due to growers, $47 million and $52 million, respectively, of marketing and advertising costs, and $39 million and $41 million, respectively, of materials and supplies costs. Also included in accrued liabilities at December 29, 2001 is $68 million of income taxes payable, principally related to the sale of the Honduran beverage business. Remaining amounts included in accrued liabilities are comprised of individually insignificant balances in comparison with total current liabilities and aggregated to $190 million and $218 million at December 28, 2002 and December 29, 2001, respectively.

Other long-term liabilities were as follows (in thousands):

	2002	2001
Accrued postretirement and other employee benefits	$207,859	$160,238
Accrued taxes	161,612	144,988
Other	57,142	64,049
	$426,613	$369,275

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8 Property, Plant and Equipment

Major classes of property, plant and equipment were as follows (in thousands):

	2002	2001
Land and land improvements	$ 400,711	$ 418,063
Buildings and improvements	383,084	344,893
Machinery and equipment	1,058,953	925,230
Equipment under capital leases	40,460	25,400
Construction in progress	61,340	86,084
	1,944,548	1,799,670
Accumulated depreciation	(917,983)	(882,445)
	$ 1,026,565	$ 917,225

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

	Years
Land improvements	5 to 40
Buildings and improvements	3 to 50
Machinery and equipment	2 to 35
Equipment under capital leases	Shorter of useful life or life of lease

Depreciation expense for 2002, 2001 and 2000 totaled $108 million, $97 million and $104 million, respectively.

Note 9 Goodwill

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 141 (FAS 141), *Business Combinations,* and No. 142 (FAS 142), *Goodwill and Other Intangible Assets*. These statements, among other things, eliminate the pooling of interests method of accounting for business combinations as of June 30, 2001, eliminate the amortization of goodwill for all fiscal years beginning after December 15, 2001, and require that goodwill be reviewed annually, or more frequently if impairment indicators arise, for impairment. The Company adopted FAS 141 and FAS 142 with respect to new goodwill as of July 1, 2001 and adopted FAS 142 with respect to existing goodwill as of December 30, 2001, the first day of its 2002 fiscal year. The adoption of FAS 141 did not impact the Company s financial condition or results of operations. Upon the adoption of FAS 142, the Company ceased amortizing existing goodwill.

During the second quarter of 2002, the Company completed the two-step process of the transitional goodwill impairment test prescribed in FAS 142 with respect to existing goodwill. The first step of the transitional goodwill impairment test involved a comparison of the fair value of each of the Company s reporting units, as defined under FAS 142, with its carrying amount. If the carrying amount exceeded the fair value of a reporting unit, the Company was required to perform the second step of the transitional goodwill impairment test. As a result of the outcome of the first step relative to the fresh-cut flowers reporting unit, the Company was required to perform the second step of the transitional goodwill impairment test for this reporting unit. The second step involved comparing the implied fair value of the fresh-cut flowers reporting unit s goodwill to its carrying value to measure the amount of impairment. The transitional goodwill impairment test resulted in the Company recognizing a non-cash transitional goodwill impairment charge of $120 million related entirely to the fresh-cut flowers reporting unit. As required by FAS 142, the $120 million

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

charge is reflected as a cumulative effect of a change in accounting principle in the Company s Consolidated Statement of Income for the year ended December 28, 2002. There was no income tax effect on the impairment charge as the charge primarily related to goodwill in foreign operations where the Company believes it is more likely than not that future taxable income in these operations will not be sufficient to realize the related income tax benefits associated with the charge. The charge represented a total write-off of the goodwill in the fresh-cut flowers reporting unit. The fair value of the fresh-cut flowers reporting unit was determined based on discounted cash flows that the business expects to generate in the future. The circumstances leading to the goodwill impairment in the fresh-cut flowers reporting unit include the fact that the flower industry is less attractive than the Company had expected in 1998 when it made its acquisitions in this industry and that the Company s progress in integrating the acquired businesses has been slower than expected.

The following presents a reconciliation of reported net income and earnings per share from continuing operations, adjusted to exclude goodwill amortization (in thousands, except per share amounts). The goodwill amortization associated with discontinued operations was immaterial.

	2001	2000
(Loss) income from continuing operations, net of income taxes, as reported	$(37,078)	$36,090
Add: goodwill amortization	11,408	12,400
Adjusted net (loss) income from continuing operations	$(25,670)	$48,490
(Loss) earnings per common share from continuing operations, as reported basic	$ (0.66)	$ 0.65
Add: goodwill amortization	0.20	0.22
Adjusted (loss) earnings per common share from continuing operations basic	$ (0.46)	$ 0.87
(Loss) earnings per common share from continuing operations, as reported diluted	$ (0.66)	$ 0.65
Add: goodwill amortization	0.20	0.22
Adjusted (loss) earnings per common share from continuing operations diluted	$ (0.46)	$ 0.87

The following table displays the changes in the carrying amount of goodwill by operating segment for the year ended December 28, 2002 (in thousands):

	Balance December 29, 2001	Impairment Charge	Dispositions	Foreign Exchange and Other	Balance December 28, 2002
Fresh fruit	$132,553	$	$	$(473)	$132,080
Packaged foods	3,476		(3,476)		
Fresh-cut flowers	119,917	(119,917)			
	$255,946	$(119,917)	$(3,476)	$(473)	$132,080

The $3.5 million disposition of goodwill relates to the sale of Saman, as discussed in Note 4. There were no additions made to goodwill during the year.

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10 Debt

Long-term debt consisted of the following amounts (in thousands):

	2002	2001
Unsecured debt		
7% notes due 2003.	$ 209,756	$ 300,000
6.375% notes due 2005	300,000	300,000
7.25% notes due 2009	400,000	
7.875% debentures due 2013	155,000	175,000
Various other notes due 2003-2005 at an average interest rate of 16.5% (17.3% in 2001)	4,382	7,828
Secured debt		
Contracts and notes due 2003-2014, at an average interest rate of 4.5% (5.8% in 2001)	9,011	18,997
Capital lease obligation	37,857	25,400
Unamortized debt discount	(2,713)	(1,309)
	1,113,293	825,916
Current maturities	(230,813)	(9,792)
	$ 882,480	$ 816,124

The Company estimates the fair value of its fixed interest rate unsecured debt based on current quoted market prices. The estimated fair value of unsecured notes (face value $1,065 million in 2002 and $775 million 2001) was approximately $1,063 million as of December 28, 2002 and $760 million as of December 29, 2001.

In April 2002, the Company completed the sale and issuance of $400 million aggregate principal amount of 7.25% Senior Notes due 2009 (the Original Notes) at a discount of $2 million to face value. The Original Notes were sold in a private placement under Rule 144A and Regulation S promulgated by the Securities and Exchange Commission (SEC). The sale was exempt from the registration requirements of the Securities Act of 1933, as amended. The Company subsequently filed a registration statement with the SEC offering holders of the Original Notes the opportunity to exchange their Original Notes for publicly registered notes (the Notes) having substantially identical terms, except for certain restrictions on transfer that pertained only to the Original Notes. On July 23, 2002, this exchange offer expired; all of the Original Notes were tendered in the exchange offer and were accepted. Interest on the Notes will be paid semiannually in arrears on May 1 and November 1 of each year, beginning on November 1, 2002. The Notes are unsecured senior obligations of the Company and rank equally with the Company s outstanding senior unsecured debt.

The Company s issued notes and debentures place certain restrictions on the Company s ability to issue secured debt. At December 28, 2002, the Company was in compliance with these restrictions.

During the year ended December 28, 2002, the Company repurchased approximately $90 million of its $300 million 7% unsecured Senior Notes due in 2003 and approximately $20 million of its $175 million 7.875% unsecured debentures due in 2013. In connection with these repurchases, the Company recorded a loss on early retirement of debt of $3.4 million.

In July 1998, the Company extended its five-year, $400 million revolving credit facility (the Long-Term Facility) to 2003. At the Company s option, borrowings under the Long-Term Facility, which are unsecured, bear interest at certain percentages over the agent s prime rate or the London Interbank Offered Rate (LIBOR). Provisions under the Long-Term Facility require the Company to comply with certain financial

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

covenants, which include a maximum permitted ratio of consolidated debt to net worth and a minimum required fixed charge coverage ratio. As of December 28, 2002, the Company was in compliance with these covenants. The Company may also borrow under uncommitted lines of credit at rates offered from time to time by various banks that may not be lenders under the Long-Term Facility. As of December 28, 2002 and December 29, 2001, the Company had no outstanding borrowings under its uncommitted lines of credit and no outstanding borrowings under the Long-Term Facility.

In August 2002, the Company s $200 million 364-day revolving credit facility expired. The Company had no borrowings under this facility during the year.

Maturities with respect to long-term debt as of December 28, 2002 were as follows (in thousands):

Year	Amount
2003	$ 230,813
2004	24,946
2005	301,100
2006	310
2007	261
2008 and thereafter	555,863
Total	$1,113,293

Interest payments on borrowings, excluding amounts related to discontinued operations, totaled $76 million, $72 million and $95 million during 2002, 2001 and 2000, respectively.

Notes payable consist of short-term amounts due to various suppliers received by the Company in the normal course of business.

Note 11 Employee Benefit Plans

The Company has qualified and non-qualified defined benefit pension plans covering certain full-time employees. Benefits under these plans are generally based on each employee s eligible compensation and years of service, except for certain hourly plans, which are based on negotiated benefits. In addition to pension plans, the Company has other postretirement benefit (OPRB) plans that provide certain health care and life insurance benefits for eligible retired employees. Covered employees may become eligible for such benefits if they fulfill established requirements upon reaching retirement age.

For U.S. plans, the Company s general policy is to fund the normal cost plus a 15-year amortization of the unfunded liability. Most of the Company s international pension plans and all of its OPRB plans are unfunded.

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The status of the Company s defined benefit pension plans was as follows (in thousands):

	U.S. Pension Plans		International Pension Plans		OPRB Plans	
	2002	2001	2002	2001	2002	2001
Change in projected benefit obligation						
Benefit obligation at beginning of year	$279,680	$307,745	$ 32,663	$ 29,370	$ 70,864	$ 63,339
Service cost	2,281	3,684	2,003	1,996	113	110
Interest cost	19,311	22,074	3,664	3,790	4,802	4,343
Participant contributions			22	22		
Plan amendments				1,977		(3,193)
Foreign exchange rate changes			(1,755)	(660)		
Actuarial (gain) loss	(1,240)	(13,902)	(3,308)	(298)	2,450	12,139
Reduction in projected benefit obligation for plan freeze		(13,071)		(120)		
Curtailments, settlements and terminations, net			(1,014)	814		
Benefits paid	(26,594)	(26,850)	(3,155)	(4,228)	(6,213)	(5,874)
Benefit obligation at end of year	$273,438	$279,680	$ 29,120	$ 32,663	$ 72,016	$ 70,864
Change in plan assets						
Fair value of plan assets at beginning of year	$263,118	$309,554	$ 2,232	$ 1,930	$	$
Actual return on plan assets	(25,409)	(22,437)	207	201		
Company contributions	1,444	2,851	8,311	4,348	6,213	5,874
Participant contributions			22	22		
Foreign exchange rate changes			(117)	(41)		
Settlements			(5,183)			
Benefits paid	(26,594)	(26,850)	(3,155)	(4,228)	(6,213)	(5,874)
Fair value of plan assets at end of year	$212,559	$263,118	$ 2,317	$ 2,232	$	$
Funded status	$ (60,879)	$ (16,562)	$(26,797)	$(30,431)	$(72,016)	$(70,864)
Unrecognized net loss (gain)	75,315	24,621	486	1,252	(6,250)	(5,734)
Unrecognized prior service cost (benefit)	47	2,132	2,769	3,706	(4,247)	(4,837)
Unrecognized net transition (asset) obligation	(51)	(97)	817	982		
	$ 14,432	$ 10,094	$(22,725)	$(24,491)	$(82,513)	$(81,435)

Net balance sheet asset (liability)	—	—	—	—	—	—

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	U.S. Pension Plans		International Pension Plans		OPRB Plans	
	2002	**2001**	**2002**	**2001**	**2002**	**2001**
Net amount recognized in the Consolidated Balance Sheets						
Prepaid benefit cost	$ 20,883	$ 17,580	$ 234	$ 18	$	$
Accrued benefit liability	(69,349)	(34,276)	(27,361)	(30,199)	(82,513)	(81,435)
Intangible asset		2,072	3,333	4,045		
Accumulated other comprehensive loss	62,898	24,718	1,069	1,645		
	$ 14,432	$ 10,094	$ (22,725)	$ (24,491)	$ (82,513)	$ (81,435)

	U.S. Pension Plans		International Pension Plans		OPRB Plans	
	2002	**2001**	**2002**	**2001**	**2002**	**2001**
Rate assumptions:						
Discount rate	6.75%	7.25%	6.75% to 20%	7.25% to 20%	6.75%	7.25%
Compensation increases	4.50%	4.50%	4.5% to 17.5%	4.5% to 17.5%	4.50%	4.50%
Rate of return on plan assets	9.25%	9.25%	9.25% to 15%	9.25% to 20%		

International plan discount rates, assumed rates of increase in future compensation and expected long-term return on assets differ significantly from the assumptions used for U.S. plans due to differences in the local economic conditions in which the international plans are based.

The accumulated postretirement benefit obligation (APBO) for the Company s OPRB plans in 2002 was determined using an assumed annual rate of increase in the per capita cost of covered health care benefits of 9% in 2003 decreasing to 5.5% in 2007 and thereafter. The annual rate of increase assumed in the 2001 APBO was 10% in 2002 decreasing to 5.5% in 2007 and thereafter. An increase in the assumed health care cost trend rate of one percentage point in each year would have increased the Company s APBO as of December 28, 2002 by $9.7 million and would have increased the service and interest cost components of postretirement benefit expense for 2002 by $0.7 million, in aggregate. A decrease in the assumed health care cost trend rate by one percentage point in each year would have decreased the Company s APBO as of December 28, 2002 by $9.1 million and would have decreased the service and interest cost components of postretirement benefit expense for 2002 by $0.6 million, in aggregate.

The aggregate projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $267 million, $263 million and $171 million, respectively, as of December 28, 2002, and $277 million, $270 million and $212 million, respectively, as of December 29, 2001.

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The components of net periodic benefit cost for the U.S. and international plans were as follows (in thousands):

	Pension Plans			OPRB Plans		
	2002	2001	2000	2002	2001	2000
Components of net periodic benefit cost						
Service cost	$ 4,284	$ 5,680	$ 6,329	$ 113	$ 110	$ 225
Interest cost	22,975	25,864	26,383	4,802	4,343	4,862
Expected return on plan assets	(27,764)	(27,654)	(26,959)			
Amortization of:						
Unrecognized net loss (gain)	279	112	10	(126)	(1,476)	(1,473)
Unrecognized prior service cost (benefit)	476	572	337	(590)	(590)	(196)
Unrecognized net transition obligation (asset)	75	76	(75)			
Curtailment, settlements and terminations, net	2,400	1,464				
	$ 2,725	$ 6,114	$ 6,025	$4,199	$ 2,387	$ 3,418

In 2001, the Company recognized $1 million for special termination benefits associated with the downsizing of banana operations in Asia. During 2001, the Company s U.S. pension plans and a portion of its international pension plans were frozen. Effective January 1, 2002, no new pension benefit will accrue, with the exception of a transition benefit for long-term employees. The Company recognized curtailment losses of less than $1 million for the pension plan freeze. The $13 million associated with the reduction of the projected benefit obligation associated with the freezing of such plans was offset against unrecognized net loss.

The Company offers defined contribution plans to eligible employees. Such employees may defer a percentage of their annual compensation primarily to supplement their retirement income. Some of these plans provide for Company contributions based on a percentage of each participant s contribution, subject to a maximum contribution by the Company. Company contributions to its defined contribution plans totaled $10 million in 2002 and $7 million in both 2001 and 2000. The Company has doubled its match of the participant s contribution to the U.S. defined contribution plan, effective January 1, 2002. The Company also provides postretirement benefits to the employees of certain of its international subsidiaries under various government-mandated plans. Accrued benefits and costs related to such plans totaled $21 million and $3 million at December 28, 2002 and for the year then ended, respectively.

The Company is also party to various industry-wide collective bargaining agreements that provide pension benefits. Total contributions to these plans and direct payments to eligible participants were approximately $1 million in each of 2002, 2001 and 2000.

Note 12 Stock-Based Compensation

Under the 1991 and 2001 Stock Option and Award Plans (the Option Plans), the Company can grant incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock awards and performance share awards to officers and key employees of the Company. Stock options generally vest over a three-year period or based on stock price appreciation and may be exercised for up to 10 years from the date of grant, as determined by the Corporate Compensation and Benefits Committee of the Company s Board of Directors. In 2001, all remaining options outstanding under the 1982 Stock Option and Award Plan expired.

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Under the 1995 Non-Employee Directors Stock Option Plan (the Directors Plan), each active non-employee director receives a grant of 1,500 non-qualified stock options (the Options) on February 15th (or the first trading day thereafter) of each year. The Options vest over three years and expire 10 years after the date of grant or upon early termination as defined by the plan agreement.

The Company has a long-term incentive award plan that provides an award to employees upon achieving specific performance targets, including earnings per share and stock price performance. The awards can be paid in stock or cash at the discretion of the Corporate Compensation and Benefits Committee of the Company s Board of Directors. During 2002, a total of 9,729 shares were awarded to employees for meeting certain performance targets of the plan.

Changes in outstanding stock options were as follows (shares in thousands):

	Options Outstanding		Options Exercisable	
	Shares	Weighted-Average Price	Shares	Weighted-Average Price
January 1, 2000	3,309	$31.94	1,224	$33.85
Granted at market price	639	12.91		
Granted above market price	74	34.20		
Exercised				
Cancelled	(327)	33.02		
December 30, 2000	3,695	28.60	1,410	$33.71
Granted at market price	670	16.17		
Exercised	(18)	13.63		
Cancelled	(767)	31.19		
December 29, 2001	3,580	25.79	2,059	$24.18
Granted at market price	986	26.59		
Exercised	(320)	16.22		
Cancelled	(238)	28.50		
December 28, 2002	4,008	$26.59	2,275	$23.02

The following tables summarizes information about stock options outstanding as of December 28, 2002 (shares in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Years	Weighted Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$12.69 to $17.00	1,393	7.69	$14.52	1,311	$14.44
$22.20 to $27.49	1,104	7.19	26.22	288	26.13
$28.25 to $32.80	591	5.61	28.97	216	29.49
$38.50 to $54.81	920	4.17	43.78	460	42.49

$12.69 to $54.81	4,008	6.43	$ 26.59	2,275	$ 23.02

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The weighted-average fair values of each stock option granted during 2002, 2001 and 2000 of $9.29, $5.34, $4.02, respectively, was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2002	2001	2000
Dividend yields	2.3%	2.5%	2.9%
Expected volatility	34.3%	33.7%	32.6%
Risk free interest rates	4.8%	5.0%	5.9%
Expected lives	7 years	7 years	7 years

The Company accounts for employee stock-based compensation related to the Option Plans under Accounting Principles Board Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*. As the Company s stock options were granted at or above market price on the date of grant, no compensation costs were recognized in the accompanying Consolidated Statements of Income for 2002, 2001 and 2000. Had compensation costs been determined under FAS 123, pro-forma net income and net income per common share would have been as follows (in thousands, except per share data):

	2002	2001	2000
Net income			
As reported	$36,281	$150,404	$67,655
Pro-forma	$33,762	$148,053	$64,981
Earnings per common share basic			
As reported	$ 0.64	$ 2.69	$ 1.21
Pro-forma	$ 0.60	$ 2.65	$ 1.16
Earnings per common share diluted			
As reported	$ 0.64	$ 2.67	$ 1.21
Pro-forma	$ 0.60	$ 2.63	$ 1.16

The Company has decided to expense the cost of employee stock options and, accordingly, will adopt the fair value method defined in FAS 123 in the first quarter of 2003. FAS 148 provides three alternatives for transitioning to the fair value method of accounting: the prospective method which recognizes the fair value expense for all awards granted in the year of adoption but not previous awards; the modified prospective method which recognizes the fair value expense for the unvested portion of all stock options granted, modified or settled since 1994 (i.e., the unvested portion of the prior awards or those granted in the year of adoption must be recorded using the fair value method); and the retroactive restatement method which is similar to the modified prospective method except that all prior periods are restated. The Company will apply the prospective method of adoption in FAS 148, and accordingly, all employee stock option grants or modifications from the first quarter 2003 and forward will be expensed over the stock option vesting period based on the fair value at the date the options are granted or modified. The Company does not anticipate significant changes to future option awards after the adoption of the fair value method. However, if the transaction described in Note 18 is consummated, the Company expects that no further options will be granted.

Note 13 Shareholders Equity

The Company s authorized share capital as of December 28, 2002 consisted of 80 million shares of no par value common stock of which approximately 56.2 million and 55.9 million were issued and outstanding as of December 28, 2002 and December 29, 2001, respectively, and 30 million shares of no par value preferred stock, issuable in series, none of which has been issued. As of December 28, 2002, approximately 5.6 million shares and 0.1 million shares of common stock were reserved for issuance under the Company s Option Plans and Directors Plan, respectively. As of December 28, 2002, approximately 3.3 million shares remain

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

authorized for repurchase under the Company s existing stock repurchase program. No shares were repurchased during 2002, 2001 and 2000.

The Company s policy is to pay quarterly dividends on its common shares based on current and expected earnings, cash needs of the Company and future prospects. In December 2001, the Company s Board of Directors approved an increase in the annual dividend paid to shareholders by 50% from 40 cents to 60 cents. As a result, effective the first quarter of 2002, quarterly dividends on common shares are paid at an annual rate of 60 cents per share. Total dividends for the years ended December 28, 2002, December 29, 2001 and December 30, 2000 amounted to $33.6 million, $22.3 million and $22.3 million, respectively.

Note 14 Business Segments

The Company has four primary reportable operating segments: fresh fruit, fresh vegetables, packaged foods, and fresh-cut flowers. The fresh fruit segment contains several operating segments that produce and market fresh fruit to wholesale, retail and institutional customers worldwide. The fresh vegetables segment contains operating segments that produce and market commodity vegetables and ready-to-eat packaged vegetables to wholesale, retail and institutional customers primarily in North America, Europe and Asia. Both the fresh fruit and fresh vegetable segments sell produce grown by a combination of Company-owned and independent farms. The packaged foods segment contains several operating segments that produce and market packaged foods, including fruit, juices and snack foods. The Company s fresh-cut flowers segment sources, imports and markets fresh-cut flowers, grown mainly in Colombia and Ecuador, primarily to wholesale florists and supermarkets in the United States. These reportable segments are managed separately due to differences in their products, production processes, distribution channels and customer bases.

Management evaluates and monitors segment performance primarily through earnings on continuing operations before interest expense and income taxes (EBIT). EBIT is calculated by adding income taxes and interest expense to net income. 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 or cash flow measures prepared in accordance with GAAP or as a measure of the Company s profitability or liquidity. Additionally, the Company s computation of EBIT may not be comparable to other similarly titled measures computed by other companies, because all companies do not calculate EBIT in the same fashion.

Accounting policies of the four primary reportable operating segments, other operating segments, and Corporate and other are the same as those described in the summary of significant accounting policies.

The results of operations and financial position of the four primary reportable operating segments, other operating segments, and corporate and other were as follows (in thousands):

	2002	2001	2000
Revenues from external customers			
Fresh fruit	$2,772,758	$2,701,422	$2,756,256
Fresh vegetables	825,559	827,528	845,776
Packaged foods	588,991	556,143	560,365
Fresh-cut flowers	173,927	196,430	200,473
Other operating segments	30,838	33,298	37,243
	$4,392,073	$4,314,821	$4,400,113

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	2002	2001	2000
EBIT			
Fresh fruit	$ 217,844	$ 48,478	$ 1,536
Fresh vegetables	82,699	47,793	77,084
Packaged foods	64,905	43,684	56,877
Fresh-cut flowers	(5,925)	(18,717)	293
Other operating segments	713	(837)	(878)
Total operating segments	360,236	120,401	134,912
Corporate and other EBIT	(69,359)	(57,423)	11,170
Interest expense	(80,890)	(70,708)	(90,445)
Income (loss) from continuing operations before income taxes and cumulative effect of a change in accounting principle	$ 209,987	$ (7,730)	$ 55,637
Assets			
Fresh fruit	$1,509,424	$1,407,979	$1,494,214
Fresh vegetables	274,867	340,975	354,279
Packaged foods	347,395	355,499	573,864
Fresh-cut flowers	155,863	288,142	278,704
Other operating segments	10,575	8,963	21,546
Total operating segments	2,298,124	2,401,558	2,722,607
Corporate and other	738,728	366,264	78,727
	$3,036,852	$2,767,822	$2,801,334
Depreciation and amortization			
Fresh fruit	$ 69,257	$ 70,512	$ 77,281
Fresh vegetables	13,179	14,557	14,308
Packaged foods	12,245	14,006	15,409
Fresh-cut flowers	6,166	9,578	9,176
Other operating segments	608	610	683
Corporate and other	6,221	8,691	8,486
	$ 107,676	$ 117,954	$ 125,343
Capital additions			
Fresh fruit	$ 171,249	$ 58,853	$ 60,485
Fresh vegetables	13,523	16,770	13,012
Packaged foods	16,785	10,011	15,766
Fresh-cut flowers	2,629	31,297	15,864
Other operating segments	867	217	1,589
Corporate and other	28,620	2,604	3,839
	$ 233,673	$ 119,752	$ 110,555

The adoption of EITF 01-9, in 2002, reduced previously reported revenues and selling, marketing and general and administrative expenses by $9 million, $46 million and $79 in the fresh fruit, fresh vegetables and

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

packaged foods operating segments, respectively, in 2001 and by $8 million, $40 million and $54 million in the fresh fruit, fresh vegetables and packaged foods operating segments, respectively, in 2000. The adoption had no impact on segment EBIT (see Note 2).

Corporate and other EBIT includes general and administrative costs not allocated to operating segments. In 2000, Corporate and other EBIT included net Hurricane Mitch insurance proceeds of $43 million and a gain on the sale of citrus assets of $9 million.

The Company s revenues from external customers and net property, plant and equipment by geographic area were as follows (in thousands):

	2002	2001	2000
Revenues from external customers			
United States	$2,117,889	$2,048,629	$2,029,992
Japan	559,256	516,317	594,823
Sweden	366,405	353,092	362,854
Germany	310,702	311,629	307,571
France	133,646	149,097	164,453
Italy	101,067	101,010	90,051
Other international	803,108	835,047	850,369
	$4,392,073	$4,314,821	$4,400,113
Property, plant and equipment, net			
United States	$ 320,934	$ 332,614	$ 358,042
Oceangoing assets	192,820	76,597	62,261
Ecuador	79,859	67,287	60,333
Costa Rica	77,632	79,085	92,795
Philippines	74,370	76,978	70,775
Colombia	58,454	66,978	91,217
Other international	222,496	217,686	242,247
	$1,026,565	$ 917,225	$ 977,670

Note 15 Leases and Other Commitments

The Company has obligations under non-cancelable operating leases, primarily for vessel charters and containers, as well as for certain equipment and office facilities. Certain agricultural land leases provide for increases in minimum rentals based on production. Lease payments under a significant portion of the Company s operating leases are based on variable interest rates. Total rental expense, including rent related to cancelable and non-cancelable leases was $109 million, $126 million and $148 million (net of sublease income of $15 million, $13 million and $10 million) for 2002, 2001 and 2000, respectively. The Company capitalized equipment under capital leases of $15 million in 2002 and $25 million in 2001. The Company is required to maintain certain financial covenants, including minimum financial ratios, on both capitalized and operating leases, which, if not met, would require the Company to purchase the leased assets for amounts approximating its residual value.

The Company has both purchase and renewal options under various off-balance sheet vessel, container and office leases. As of December 28, 2002, the Company s maximum potential undiscounted future payments on residual value guarantees on such leases totaled approximately $140 million. These guarantees generally

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

become payable based on the difference, if any, between the fair market value of the leased asset at the lease termination date and the guaranteed residual value. At December 28, 2002, the fair market values of the underlying leased assets in each of these leases was greater than the applicable residual guarantees, and accordingly, no liability has been recorded for these guarantees. As disclosed in Note 2, the Company is currently in the process of evaluating the impact, if any, of the adoption of FIN 46 on its financial condition and results of operations. Consolidation of the Company s off-balance sheet leases, if required by the statement, would increase assets and liabilities on the consolidated balance sheet by approximately $50 million.

As of December 28, 2002, the Company s aggregate non-cancelable minimum lease commitments, including residual value guarantees, before sublease income, were as follows (in thousands):

2003	$ 84,938
2004	119,752
2005	84,494
2006	27,260
2007	19,043
2008 and thereafter	110,188
Total	$445,675

Total future sublease income is $38 million.

Note 16 Contingencies

The Company is a guarantor of indebtedness of certain key fruit suppliers and other entities integral to the Company s operations. At December 28, 2002, the Company s guarantees primarily comprise of guarantees for bank loans to its growers of $5 million, guarantees to foreign regulatory authorities of $21 million, and various commercial bank guarantees of $8 million.

Grower guarantees represent guarantees of amounts advanced to independent growers that supply the Company with product. The advances are made under third party bank agreements, which are guaranteed by the Company. The Company carefully monitors amounts outstanding under the bank agreements and records an allowance for any amounts which it believes will not be recoverable from the growers. This determination includes assessing the financial strength of the growers, their historical payment history and the age of outstanding and unpaid advances.

The Company also provides guarantees to various regulatory authorities, primarily in Europe, in order to comply with foreign regulations when operating businesses overseas. The most significant of these guarantees, for banana import license fees, are granted to the European Union member states agricultural authority. The Company s subsidiaries obtain guarantees from commercial banks, which are then secured by the Company s guarantee to the bank. The Company has not historically experienced any significant losses associated with these guarantees.

The Company also provides various guarantees, mostly to foreign banks, in the course of its normal business operations to support the borrowings, leases and other obligations of its subsidiaries and key business partners. The Company has not historically experienced any significant losses associated with these guarantees.

In connection with the acquisition of its 60% interest in Saba Trading AB in 1998, the Company has the right to purchase (the call option), at its sole discretion, the minority shareholders entire interest in Saba during either January 2004 or January 2008. In addition, each minority shareholder separately has the right to

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

require the Company to purchase (the put option) the shareholders interest during either February 2005 or February 2008. The call option price and the put option price are computed based upon formulas as specified in the agreements. In the event that each minority shareholder exercises its put option, the minimum aggregate price payable by the Company for these minority interests under these formulas would approximate $56 million at December 28, 2002.

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

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 the apparent link between male sterility and exposure to DBCP among factory workers producing the product in 1977, 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 793 lawsuits, in various stages of proceedings, alleging injury as a result of exposure to DBCP. Eleven of these lawsuits are currently pending in various jurisdictions in the United States, with the remainder pending in Latin America and the Philippines. In the United States, plaintiffs recently moved to re-open and remand to state court two previously dismissed cases pursuant to the United States Supreme Court s decision in *Dole Food Company, Inc. v. Patrickson*. Plaintiffs have also moved to remand five other cases currently pending before the United States district courts in Texas and Louisiana as a result of the *Patrickson* decision. Claimed damages total approximately $19.6 billion, with the lawsuits in Nicaragua representing 79% of this amount. In almost all of these cases, the Company is a joint defendant with the major DBCP manufacturers and, typically, other banana growers. To date, none of these lawsuits has resulted in a verdict or judgment against the Company. However, as described below, a judgment has been rendered in a DBCP case in Nicaragua.

In Nicaragua, the Company has been served in 31 of 311 pending cases, with the majority of the lawsuits brought pursuant to Law 364, an October 2000 Nicaraguan statute that contains substantive and procedural provisions that Nicaragua s acting Attorney General formally opined are unconstitutional. Nine of the 31 cases served were consolidated into one case before a civil trial court in Managua, with the plaintiffs naming an entity denominated as Dole Food Corporation Inc. as a defendant. The Company is aware of no legal entity bearing that name, and the Company is certain that no such legal entity is related to the Company. As a result, the Company responded in these nine consolidated cases on behalf of Dole Fresh Fruit Company, a subsidiary

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DOLE FOOD COMPANY, INC.

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of the Company, which has been named as a defendant in other pending DBCP matters, including matters brought by Nicaraguan citizens. The Company paid a $100,000 non-refundable deposit to the Nicaraguan court, as required under Law 364, to participate in the litigation. On October 25, 2002, the civil trial court in Managua issued a ruling that Dole Fresh Fruit Company was not a party to the nine consolidated cases. Thereafter, counsel for Dole Fresh Fruit Company notified the court that no legal entity known as Dole Food Corporation Inc. exists and offered to appear on behalf of Dole Food Company, Inc. and to ratify all prior pleadings of Dole Fresh Fruit Company. On November 25, 2002, the civil trial court issued a ruling that Dole Food Company, Inc. is not a defendant in the nine consolidated cases.

On December 13, 2002, the Nicaraguan civil trial court entered a judgment in the aggregate amount of $489 million on behalf of 468 plaintiffs against Dow Chemical Company, also known as Dow AgroSciences, Shell Chemical Company, Standard Fruit and Vegetable Company and Dole Food Corporation Inc. in the nine consolidated actions. Because the civil trial court had held that the Company is not a defendant in the case, the court also ordered that the Company s $100,000 deposit be returned. Standard Fruit and Vegetable Company is a Texas corporation that is wholly unrelated to the Company. On May 14, 2003, an action was filed in Los Angeles County Superior Court against The Dow Chemical Company, Shell Chemical Company, and Dole Food Company, Inc. to enforce the Nicaraguan judgment.

The Company believes that the Nicaraguan civil trial court s judgment will not be enforceable against any Dole entity in the U.S. or in any other country, because no Dole entity has been named in the judgment and Nicaragua s Law 364 is unconstitutional and violates international 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 participate in the litigation, it provides a severely truncated procedural process, it establishes irrebutable presumption of causation that are contrary to the evidence and scientific data, and it sets unreasonable minimum damages that must be awarded. In addition, although the Company sought to participate in the case, the Nicaraguan civil trial court ruled that the Company would not be heard and that the Company s legal motions and papers would not be considered. Finally, as previously noted, the civil trial court ruled that neither Dole Food Company, Inc. nor Dole Fresh Fruit Company is a defendant in the case. For these reasons, the Company does not believe a U.S. court or that of any other nation would enforce this judgment.

As to all the DBCP matters, the Company has denied liability and asserted substantial defenses. 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.

Note 17 Related Party Transactions

In September 1998 the Company acquired 60% of Saba Trading AB, a Swedish company. The remaining 40% minority interest is held 25% by another Swedish company and 15% by a Swedish co-op. As part of its normal operations, Saba routinely sells fresh fruit, vegetables and flowers to certain entities in which these minority shareholders are principal owners. Revenues from the Swedish company-related entities were $72 million, $57 million and $65 million in 2002, 2001 and 2000, respectively. Revenues from the co-op related entities were $139 million, $129 million and $133 million in 2002, 2001 and 2000, respectively. Amounts due from the Swedish company and co-op related entities were $8.1 million and $9.6 million, respectively, at December 28, 2002 and $4.4 million and $8.6 million, respectively, at December 29, 2001.

David H. Murdock, the Company s Chairman and Chief Executive Officer, owns Castle & Cooke, Inc. (Castle) as well as a transportation equipment leasing company, a private dining club and a private country club, which supply products and provide services to numerous customers and patrons. During fiscal 2002, 2001 and 2000, the Company paid Mr. Murdock s companies an aggregate of approximately $4 million, $3 million

DOLE FOOD COMPANY, INC.

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and $2 million, respectively, primarily for the rental of truck chassis, generator sets and warehousing services. Castle purchased approximately $0.4 million, $0.2 million and $0.3 million of products from the Company in 2002, 2001 and 2000, respectively.

In October 2001, the Company and Castle entered into an agreement to replace an aircraft held 50% by each party. The ownership percentage in the new aircraft is 68% by the Company and 32% by Castle. Under co-ownership agreements, the Company and Castle have agreed that each party would be responsible for the direct costs associated with its use of these aircraft, and that all other indirect costs would be shared in proportion to each party s ownership percentage. During 2002, 2001 and 2000, the Company s proportionate share of the direct and indirect costs for these aircraft was $0.9 million, $1.3 million and $1.0 million, respectively.

Note 18 Going Private Merger and Refinancing Transactions

On December 18, 2002, the Company signed a definitive merger agreement with David H. Murdock, the Company s Chairman and Chief Executive Officer, pursuant to which Mr. Murdock would acquire the approximately 76% of the Company s common stock that he and his affiliates did not already own for $33.50 per share in cash. On March 26, 2003, the merger was approved at a special meeting of the Company s stockholders. The transaction was successfully completed on March 28, 2003 and the Company became wholly owned by Mr. Murdock through DHM Holding Company, Inc., a Delaware corporation (HoldCo). As a result of the transaction, the Company s outstanding shares of common stock were retired and all outstanding stock options have been settled in cash, except that options held by Mr. Murdock were cancelled without payment.

The purchase price of all of the outstanding common stock of the Company not already owned by Mr. Murdock and his affiliates, plus transaction costs, is estimated at approximately $1.55 billion. The funds necessary to purchase these shares of the Company consisted of a $125 million capital contribution by HoldCo, funds borrowed under $1.125 billion of new senior secured credit facilities (consisting of $825 million of term loan facilities and $300 million of revolving credit facilities) and the issuance of $475 million principal amount of 8 7/8% Senior Notes due 2011 (the 2011 Notes). The 2011 Notes were offered within the United States only to qualified institutional investors pursuant to Rule 144A under the Securities Act of 1933 (the Securities Act) and to persons outside the United States in compliance with Regulation S under the Securities Act. The Credit Agreement with respect to the new senior secured credit facilities and the Indenture with respect to the 2011 Notes contain significant restrictions and covenants affecting, among other things, the operations and finances of the Company and its subsidiaries.

In addition, on March 28, 2003, the Company repaid its 7% Senior Notes due 2003 and called for redemption its 6.375% Senior Notes due 2005 that had outstanding balances of approximately $210 million and $300 million, respectively, at March 22, 2003. The Company s 7.25% Senior Notes due 2009 and 7.875% Debentures due 2013 remain outstanding; however, the terms of both the Senior Notes due 2009 and Debentures due 2013 were modified to provide for substantially the same interest rates, covenants and guarantees from certain of the Company s subsidiaries as are provided for by the 2011 Notes. The modifications provide for interest at 8.625% on the Senior Notes due 2009 and 8.75% on the Debentures due 2013.

In connection with the transaction, the Company sold its interest in an aircraft under an operating sale-leaseback agreement for approximately $29 million, which approximated its book value. The Company also purchased shipping containers for approximately $77 million that were previously leased under separate capital and operating lease agreements and modified the provisions of its corporate headquarters operating lease to provide for substantially the same interest rate as the new senior secured credit facilities.

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The acquisition will be accounted for as a purchase by HoldCo with the related purchase accounting pushed down to the Company. The allocation of the purchase price to the assets and liabilities of the Company has not been completed; however, after completion, the Company s consolidated financial statements will be significantly different from those presented historically.

On May 29, 2003, the Company issued and sold $400 million aggregate principal amount of 7 1/4% Senior Notes due 2010 (the 2010 Notes) in an offering exempt from the registration requirements of the Securities Act of 1933. The Company used the net proceeds from this offering of approximately $392.7 million, together with other available cash, to prepay $400 million of the term loans under the senior secured credit facility. In connection with the offering, the Company and the lenders under the senior secured credit facility effected certain amendments to the Company s senior secured credit facility. The indenture with respect to the 2010 Notes contains covenants and restrictions substantially identical to those under the 2011 Notes.

Note 19 Guarantor Financial Information

In connection with the issuance of the 2011 Notes in March 2003 and the 2010 Notes in May 2003, the Company and all of its wholly owned domestic subsidiaries (Guarantors) have fully and unconditionally guaranteed, on a joint and several basis, the Company s obligations under the related indentures (the Guarantees). Each Guarantee is subordinated in right of payment to the Guarantors existing and future senior debt, including obligations under the senior secured credit facility, and will rank pari passu with all senior subordinated indebtedness of the applicable Guarantor. All Guarantors are 100% owned by the Company.

The accompanying Guarantor condensed financial information is presented on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for the Company s share in the subsidiaries cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate primarily to the elimination of investments in subsidiaries and associated intercompany balances and transactions.

The following are consolidating condensed statements of income of the Company for the years ended December 28, 2002, December 29, 2001 and December 30, 2000, the consolidating condensed balance sheets as of December 28, 2002 and December 29, 2001, and the consolidating condensed statements of cash flows for the years ended December 28, 2002, December 29, 2001 and December 30, 2000.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Year Ended December 28, 2002

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
Revenues, net	$439,189	$1,765,725	$3,176,619	$(989,460)	$4,392,073
Cost of products sold	307,751	1,558,202	2,811,245	(989,460)	3,687,738
Gross margin	131,438	207,523	365,374		704,335
Selling, marketing and general and administrative expenses	140,643	120,004	160,243		420,890
Operating income (loss)	(9,205)	87,519	205,131		283,445
Equity in subsidiary income	125,709	9,800		(135,509)	
Interest income	4,999	516	6,478		11,993
Other income (expense) net	(3,323)	2,015	(3,253)		(4,561)
Interest expense	72,279	171	8,440		80,890
Income from continuing operations before income taxes and cumulative effect of a change in accounting principle	45,901	99,679	199,916	(135,509)	209,987
Income taxes	9,620	33,428	10,741		53,789
Income from operations before cumulative effect of a change in accounting principle	36,281	66,251	189,175	(135,509)	156,198
Cumulative effect of a change in accounting principle		7,259	112,658		119,917
Net income	$ 36,281	$ 58,992	$ 76,517	$(135,509)	$ 36,281

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Year Ended December 29, 2001

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
Revenues, net	$404,863	$1,809,038	$2,873,306	$(772,386)	$4,314,821
Cost of products sold	304,361	1,584,295	2,765,511	(772,386)	3,881,781
Gross margin	100,502	224,743	107,795		433,040
Selling, marketing and general and administrative expenses	110,673	115,024	157,562		383,259
Operating income (loss)	(10,171)	109,719	(49,767)		49,781
Equity in subsidiary income	234,986	226,185		(461,171)	
Interest income	124	336	5,341		5,801
Other income (expense) net	521	8,541	(1,666)		7,396
Interest expense	72,471	466	(2,229)		70,708
Income (loss) from continuing operations before income taxes	152,989	344,315	(43,863)	(461,171)	(7,730)
Income taxes	(28,413)	47,482	10,279		29,348
Income (loss) from operations, net of income taxes	181,402	296,833	(54,142)	(461,171)	(37,078)
Income from discontinued operations, net of income taxes			18,856		18,856
Gain on disposal of discontinued operations, net of income taxes	(30,998)	(96,870)	296,494		168,626
Net income	$150,404	$ 199,963	$ 261,208	$(461,171)	$ 150,404

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Year Ended December 30, 2000

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
Revenues, net	$363,441	$1,869,944	$2,886,591	$(719,863)	$4,400,113
Cost of products sold	313,392	1,628,757	2,701,671	(719,863)	3,923,957
Gross margin	50,049	241,187	184,920		476,156
Selling, marketing and general and administrative expenses	91,975	137,411	167,005		396,391
Gain on sale of citrus assets		(8,578)			(8,578)
Hurricane Mitch insurance proceeds, net	(42,506)				(42,506)
Operating income	580	112,354	17,915		130,849
Equity in subsidiary income	110,427	(3,412)		(107,015)	
Interest income	6,433	1,682	6,491		14,606
Other income (expense) net	(2,937)	10,572	(7,008)		627
Interest expense	86,437	732	3,276		90,445
Income from continuing operations before income taxes	28,066	120,464	14,122	(107,015)	55,637
Income taxes	(39,589)	47,401	11,735		19,547
Income from continuing operations, net of income taxes	67,655	73,063	2,387	(107,015)	36,090
Income from discontinued operations, net of income taxes			31,565		31,565
Net income	$ 67,655	$ 73,063	$ 33,952	$(107,015)	$ 67,655

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEET

As of December 28, 2002

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
ASSETS					
Current Assets					
Cash and cash equivalents	$ 395,106	$ (2,857)	$ 254,718	$	$ 646,967
Receivables, net of allowances	97,088	135,985	330,260	(57,906)	505,427
Inventories	63,763	84,099	263,050		410,912
Deferred income taxes	14,048	22,794			36,842
Prepaid expenses	2,532	10,702	29,233		42,467
Total current assets	572,537	250,723	877,261	(57,906)	1,642,615
Investments	2,673,449	502,016	76,534	(3,171,060)	80,939
Property, plant and equipment, net	48,617	274,836	703,112		1,026,565
Goodwill, net	28	1,127	130,925		132,080
Other assets, net	57,868	2,183	92,212	2,390	154,653
Total Assets	$3,352,499	$1,030,885	$1,880,044	$(3,226,576)	$3,036,852
LIABILITIES AND SHAREHOLDERS EQUITY					
Current Liabilities					
Notes payable	$	$ 678	$ 10,923	$	$ 11,601
Current portion of long-term debt	209,252		21,561		230,813
Accounts payable and accrued liabilities	100,272	279,898	369,755	(38,981)	710,944
Total current liabilities	309,524	280,576	402,239	(38,981)	953,358
Intercompany payables (receivables)	1,140,247	(966,127)	(174,120)		
Long-term debt	852,791	1,693	27,996		882,480
Other long-term liabilities	304,826	60,948	77,374	(16,535)	426,613
Minority interests		6,720	22,570		29,290
Total shareholders equity	745,111	1,647,075	1,523,985	(3,171,060)	745,111
Total Liabilities and Shareholders Equity	$3,352,499	$1,030,885	$1,880,044	$(3,226,576)	$3,036,852

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEET

As of December 29, 2001

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
ASSETS					
Current Assets					
Cash and cash equivalents	$ 93,282	$ (4,656)	$ 272,700	$	$ 361,326
Receivables, net of allowances	42,827	152,903	336,193		531,923
Inventories, net	72,549	75,751	237,799		386,099
Deferred income taxes	9,887	36,166			46,053
Prepaid expenses	6,604	17,544	22,282		46,430
Total current assets	225,149	277,708	868,974		1,371,831
Investments	1,886,791	490,256	76,464	(2,372,450)	81,061
Property, plant and equipment, net	31,934	324,502	560,789		917,225
Goodwill, net	28	8,387	247,531		255,946
Other assets	29,373	45,920	108,232	(41,766)	141,759
Total Assets	$2,173,275	$1,146,773	$1,861,990	$(2,414,216)	$2,767,822
LIABILITIES AND SHAREHOLDERS EQUITY					
Current Liabilities					
Notes payable	$	$ 549	$ 16,798	$	$ 17,347
Current portion of long-term debt	(335)	2,455	7,672		9,792
Accounts payable and accrued liabilities	114,009	261,633	411,594		787,236
Total current liabilities	113,674	264,637	436,064		814,375
Intercompany payables (receivables)	265,346	(397,416)	132,070		
Long-term debt	774,027	24,857	17,240		816,124
Other long-term liabilities	284,198	37,978	88,865	(41,766)	369,275
Minority interests		5,686	26,332		32,018
Total shareholders equity	736,030	1,211,031	1,161,419	(2,372,450)	736,030
Total Liabilities and Shareholders Equity	$2,173,275	$1,146,773	$1,861,990	$(2,414,216)	$2,767,822

DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 28, 2002

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
OPERATING ACTIVITIES					
Cash flow provided by operating activities	$ 43,427	$ 24,275	$ 159,466	$ —	$ 227,168
INVESTING ACTIVITIES					
Proceeds from sales of assets	1,546	23,197	11,102		35,845
Proceeds from sales of businesses			23,724		23,724
Capital additions	(4,572)	(45,670)	(183,431)		(233,673)
Other			3,728		3,728
Cash flow used in investing activities	(3,026)	(22,473)	(144,877)	—	(170,376)
FINANCING ACTIVITIES					
Short-term debt borrowings	1,836	1,746	20,319		23,901
Short-term debt repayments	(90,244)	(1,584)	(41,729)		(133,557)
Long-term debt borrowings	398,275	764	1,544		400,583
Long-term debt repayments	(20,000)	(929)	(7,567)		(28,496)
Dividends paid to common shareholders	(33,636)				(33,636)
Other financing activities	5,192		(9,379)		(4,187)
Cash flow provided by (used in) financing activities	261,423	(3)	(36,812)	—	224,608
Effect of foreign exchange rate changes on cash			4,241	—	4,241
Increase (decrease) in cash and cash equivalents	301,824	1,799	(17,982)		285,641
Cash and cash equivalents at beginning of period	93,282	(4,656)	272,700	—	361,326
Cash and cash equivalents at end of period	$395,106	$ (2,857)	$ 254,718	$ —	$ 646,967

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 29, 2001

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
OPERATING ACTIVITIES					
Cash flow provided by (used in) operating activities	$ 434,930	$ 29,936	$(197,406)	$ —	$ 267,460
INVESTING ACTIVITIES					
Proceeds from sale available-for-sale securities	34,411				34,411
Investments in available-for-sale securities	(26,238)				(26,238)
Proceeds from sales of assets	6,001	17,610	11,515		35,126
Proceeds from disposal of discontinued operations, net of cash disposed			536,951		536,951
Capital additions	(688)	(49,537)	(69,527)		(119,752)
Other	(2,000)		(18)	—	(2,018)
Cash flow provided by (used in) investing activities	11,486	(31,927)	478,921		458,480
Cash flow used in investing activities of discontinued operations			(11,052)	—	(11,052)
Cash flow provided by (used in) investing activities	11,486	(31,927)	467,869	—	447,428
FINANCING ACTIVITIES					
Short-term debt borrowings			11,000		11,000
Short-term debt repayments		(2,216)	(25,122)		(27,338)
Long-term debt borrowings			3,394		3,394
Long-term debt repayments	(332,666)	(636)	(4,449)		(337,751)
Dividends paid to common shareholders	(22,341)				(22,341)
Other financing activities	332		(132)	—	200
Cash flow used in financing activities	(354,675)	(2,852)	(15,309)		(372,836)
Cash flow used in financing activities of discontinued operations			(4,847)	—	(4,847)
Cash flow used in financing activities	(354,675)	(2,852)	(20,156)	—	(377,683)
Effect of foreign exchange rates changes on cash			(1,030)		(1,030)

Increase (decrease) in cash and cash equivalents	91,741	(4,843)	249,277		336,175
Cash and cash equivalents at beginning of period	1,541	187	23,423		25,151
Cash and cash equivalents at end of period	$ 93,282	$ (4,656)	$ 272,700	$	$ 361,326

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DOLE FOOD COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 30, 2000

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
OPERATING ACTIVITIES					
Cash flow provided by (used in) operating activities	$ 84,752	$ (16,627)	$ 101,740	$ (194)	$ 169,671
INVESTING ACTIVITIES					
Proceeds from sales of assets	4,292	49,489	3,370		57,151
Capital additions	1,717	(35,318)	(76,954)		(110,555)
Hurricane Mitch insurance proceeds	52,856				52,856
Other		28	(938)		(910)
Cash flow provided by (used in) investing activities	58,865	14,199	(74,522)		(1,458)
Cash flow used in investing activities of discontinued operations			(13,077)		(13,077)
Cash flow provided by (used in) investing activities	58,865	14,199	(87,599)		(14,535)
FINANCING ACTIVITIES					
Short-term debt borrowings	40,070	(536)	10,290		49,824
Short-term debt repayments	(40,000)	(526)	(21,204)		(61,730)
Long-term debt borrowings	245,000	1,499	37		246,536
Long-term debt repayments	(370,665)	(553)	(5,129)		(376,347)
Dividends paid to common shareholders	(22,338)				(22,338)
Other financing activities	127		(3,639)		(3,512)
Cash flow used in financing activities	(147,806)	(116)	(19,645)		(167,567)
Cash flow used in financing activities of discontinued operations			(2,174)		(2,174)
Cash flow provided by (used in) financing activities	(147,806)	(116)	(21,819)		(169,741)
Effect of foreign exchange rate changes on cash			(591)		(591)
Decrease in cash and cash equivalents	(4,189)	(2,544)	(8,269)	(194)	(15,196)
Cash and cash equivalents at beginning of period	5,730	2,731	31,692	194	40,347

Cash and cash equivalents at end of period	$ 1,541	$ 187	$ 23,423	$	$ 25,151

DOLE FOOD COMPANY, INC.

VALUATION AND QUALIFYING ACCOUNTS

		Additions			
	Balance at Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts(B)	Deductions(A)	Balance at End of Year
			(In thousands)		
Year Ended December 28, 2002					
Allowance for doubtful accounts					
Trade receivables	$54,128	$15,083	$ 579	$(15,210)	$54,580
Notes and other current receivables	35,203	4,410	(5,135)	(18,120)	16,358
Long-term notes and other receivables	60,294	2,927	8,470	(6,774)	64,917
Year Ended December 29, 2001					
Allowance for doubtful accounts					
Trade receivables	50,499	13,454	177	(10,002)	54,128
Notes and other current receivables	59,149	3,300	550	(27,796)	35,203
Long-term notes and other receivables	58,458	7,962	273	(6,399)	60,294
Year Ended December 30, 2000					
Allowance for doubtful accounts					
Trade receivables	48,625	9,522	(49)	(7,599)	50,499
Notes and other current receivables	48,442	7,579	5,913	(2,785)	59,149
Long-term notes and other receivables	49,763	14,990	(1,136)	(5,159)	58,458

Note:

(A) Write-off of uncollectible amounts and adjustments for business dispositions and reconfigurations

(B) Purchase accounting and transfers among allowance accounts

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DOLE FOOD COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Quarter Ended	
	March 22, 2003	March 23, 2002
	(In thousands, except per share amounts)	
Revenues, net	$1,073,170	$1,059,415
Cost of products sold	895,039	880,992
Gross margin	178,131	178,423
Selling, marketing and general and administrative expenses	89,341	84,501
Operating income	88,790	93,922
Interest income	2,700	2,148
Other income (expense) net	2,045	1,225
Interest expense	19,647	14,531
Income before income taxes and cumulative effect of a change in accounting principle	73,888	82,764
Income taxes	13,100	26,485
Income before cumulative effect of a change in accounting principle	60,788	56,279
Cumulative effect of a change in accounting principle		(119,917)
Net income (loss)	$ 60,788	$ (63,638)
Earnings (loss) per common share basic		
Income before cumulative effect of a change in accounting principle	$ 1.08	$ 1.01
Cumulative effect of a change in accounting principle		(2.14)
Net income (loss)	$ 1.08	$ (1.13)
Earnings (loss) per common share diluted		
Income before cumulative effect of a change in accounting principle	$ 1.07	$ 0.99
Cumulative effect of a change in accounting principle		(2.11)
Net income (loss)	$ 1.07	$ (1.12)
Weighted-average number of common shares outstanding basic	56,294	55,945
Weighted-average number of common shares outstanding diluted	56,898	56,832

See Accompanying Notes to Condensed Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 22, 2003	December 28, 2002
	(In thousands, except share data)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 641,000	$ 646,967
Receivables, net of allowances of $70,678 and $70,938.	586,307	505,427
Inventories	422,335	410,912
Prepaid expenses	47,152	42,467
Deferred income tax assets	32,952	36,842
Total current assets	1,729,746	1,642,615
Investments	82,102	80,939
Property, plant and equipment, net of accumulated depreciation of $884,173 and $917,983.	1,003,809	1,026,565
Goodwill, net of accumulated amortization of $33,315 and $33,300.	132,089	132,080
Other assets, net	136,436	154,653
Total assets	$3,084,182	$3,036,852
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 702,236	$ 710,944
Current portion of long-term debt	249,091	230,813
Notes payable	12,733	11,601
Total current liabilities	964,060	953,358
Long-term debt	863,653	882,480
Other long-term liabilities	421,175	426,613
Minority interests	30,563	29,290
Commitments and contingencies (See Note 10)		
Shareholders equity		
Preferred stock, no par value		
Authorized: 30 million shares, issued and outstanding: none		
Common stock, no par value	316,973	316,853
Authorized: 80 million shares, 56.3 million shares issued and outstanding at March 22, 2003 and 56.2 million shares issued and outstanding at December 28, 2002		
Additional paid-in capital	69,474	66,319
Retained earnings	501,682	449,334
Accumulated other comprehensive loss	(83,398)	(87,395)
Total shareholders equity	804,731	745,111
Total liabilities and shareholders equity	$3,084,182	$3,036,852

See Accompanying Notes to Condensed Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Quarter Ended	
	March 22, 2003	March 23, 2002
	(In thousands)	
Operating activities		
Net income (loss)	$ 60,788	$ (63,638)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Cumulative effect of a change in accounting principle		119,917
Depreciation and amortization	25,295	21,910
Net loss (gain) on asset disposals and abandonments	1,884	(867)
Equity earnings, net of distributions	(2,273)	(2,681)
Provision for deferred income taxes	2,201	12,703
Minority interests	1,073	1,426
Other	894	229
Changes in operating assets and liabilities, net of effects from non-cash transactions:		
Receivables	(79,192)	(113,692)
Inventories	(11,367)	(20,447)
Prepaid expenses and other assets	(47)	4,406
Accounts payable and accrued liabilities	5,253	(11,154)
Other long-term liabilities	(3,104)	1,725
Cash flow provided by (used in) operating activities	1,405	(50,163)
Investing activities		
Proceeds from sales of assets	1,743	8,420
Purchases of investments		(511)
Capital additions	(3,827)	(16,637)
Cash flow used in investing activities	(2,084)	(8,728)
Financing activities		
Short-term debt borrowings	8,777	5,861
Short-term debt repayments	(10,659)	(9,511)
Long-term debt borrowings	4,193	
Long-term debt repayments	(2,952)	(7,089)
Dividends paid to common shareholders	(8,440)	(8,389)
Proceeds from issuance of common stock	2,768	1,210
Cash flow used in financing activities	(6,313)	(17,918)
Effect of foreign exchange rate changes on cash and cash equivalents	1,025	331
Decrease in cash and cash equivalents	(5,967)	(76,478)
Cash and cash equivalents at beginning of period	646,967	361,326
Cash and cash equivalents at end of period	$ 641,000	$ 284,848

See Accompanying Notes to Condensed Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of Dole Food Company, Inc. and its consolidated subsidiaries (the Company) include all adjustments necessary, which are of a normal recurring nature, to present fairly the Company s financial position as of March 22, 2003, its results of operations for the quarters ended March 22, 2003 and March 23, 2002 and its cash flows for the quarters then ended. The Company operates under a 52/ 53-week year and the quarters ended March 22, 2003 and March 23, 2002 are twelve weeks in duration. For a summary of significant accounting policies used in the preparation of these financial statements, refer to the Notes to Consolidated Financial Statements in Item 8 of the Company s Annual Report on Form 10-K (10-K) for the year ended December 28, 2002 and the new accounting policies adopted by the Company in the first fiscal quarter of 2003 (see Note 2 below).

Interim results are subject to seasonal variations and are not necessarily indicative of the results of operations for a full year. The Company s operations are sensitive to a number of factors including weather-related phenomena and their effects on industry volumes, prices, product quality and costs. Operations are also sensitive to fluctuations in currency exchange rates in both sourcing and selling locations as well as economic crises and security risks in developing countries. For additional information on market risks and related matters affecting the Company s financial position and results of operations, refer to Items 1, 7 and 7A of the Company s 10-K for the year ended December 28, 2002.

Certain prior year amounts have been reclassified to conform with the 2003 presentation.

Note 2 Adoption of New Accounting Policies

In the first quarter of 2003 the Company adopted new accounting policies in accordance with the provisions of the following recently issued accounting pronouncements. With the exception of the adoption of a new accounting policy for special-purpose entities, which is effective from February 1, 2003, these new accounting policies are effective December 29, 2002, the first day of the Company s 2003 fiscal year:

Asset Retirement Obligations: In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 143 (FAS 143), Accounting for Asset Retirement Obligations. This standard provides accounting guidelines for the cost of legal obligations associated with the retirement of long-lived assets. FAS 143 requires that companies recognize the fair-value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as part of the book value of the long-lived asset. The resulting net cost is then depreciated over the remaining life of the underlying long-lived asset. The adoption of FAS 143 did not have a material impact on the Company s financial condition or results of operations.

Restructuring Costs: In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146 (FAS 146), Accounting for Costs Associated with Exit or Disposal Activities. FAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3 (EITF 94-3), Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). This statement requires that the fair-value of an initial liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred as opposed to when the entity commits to an exit plan, thereby eliminating the definition and requirements for recognition of exit costs. The adoption of FAS 146 did not have a material impact on the Company s financial condition or results of operations.

Guarantees: In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

types of guarantees. FIN 45 also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair-value of the obligation undertaken in issuing the guarantee. FIN 45 specifically identifies obligations that are excluded from the provisions related to recognizing a liability at inception; however, these guarantees are subject to the disclosure requirements of FIN 45. The recognition and measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after the beginning of the fiscal year in which FIN 45 is adopted. The adoption of FIN 45 did not have a material impact on the Company s financial condition or results of operations.

Stock-Based Compensation: In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 (FAS 148), Accounting for Stock-Based Compensation Transition and Disclosure, an amendment of FASB Statement No. 123. FAS 148 amends Statement of Financial Accounting Standards No. 123 (FAS 123), Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair-value based method of accounting for stock-based employee compensation. Beginning on December 29, 2002 the Company elected to adopt the fair-value method of accounting for stock-based employee compensation. Prior to December 29, 2002, the Company applied the intrinsic value method of accounting for stock options issued to employees. The Company has elected to apply the prospective method of adoption outlined in FAS 148. The prospective method applies the recognition provisions of FAS 123 to all employee awards granted, modified or settled after the beginning of the fiscal years in which the recognition provisions are first applied. The adoption of the fair-value method of accounting for stock options issued to employees, on a prospective basis, did not have a material impact on the Company s financial condition or results of operations for the quarter ended March 22, 2003.

Special-Purpose Entities: In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities. This standard clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, and addresses consolidation by business enterprises of variable interest entities (more commonly know as Special-Purpose Entities or SPEs). FIN 46 requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risk among the parties involved. FIN 46 also significantly enhances the disclosure requirements related to variable interest entities. This statement is effective for variable interest entities created or in which an enterprise obtains an interest after January 31, 2003. It applies in the first fiscal year or interim period beginning after June 15, 2003, for all interests in variable entities acquired before February 1, 2003 and will therefore be applicable to these entities in the Company s third quarter of 2003. The Company had no new interests in variable interest entities in the first quarter of 2003. The Company is in the process of evaluating the impact of this statement on its financial condition and results of operations as a result of interests the Company has in variable interest entities acquired prior to February 1, 2003.

Note 3 Segment Information

The Company has four primary reportable operating segments: fresh fruit, fresh vegetables, packaged foods and fresh-cut flowers. These reportable segments are managed separately due to differences in their products, production processes, distribution channels and customer bases.

Management evaluates and monitors segment performance primarily through earnings before interest expense and income taxes (EBIT). EBIT is calculated by adding income taxes and interest expense to net income. 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 (GAAP) and should not be considered in isolation or as a substitute for net income or cash flow measures prepared in accordance with GAAP or as a measure of the Company s profitability or liquidity.

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Additionally, the Company s computation of EBIT may not be comparable to other similarly titled measures computed by other companies, because all companies do not calculate EBIT in the same fashion.

Revenues from external customers and EBIT for the reportable operating segments and corporate and other were as follows (in thousands):

	Quarter Ended	
	March 22, 2003	March 23, 2002
Revenues from external customers		
Fresh fruit	$ 725,115	$ 650,743
Fresh vegetables	176,865	223,977
Packaged foods	116,712	127,889
Fresh-cut flowers	48,506	52,802
Other operating segments	5,972	4,004
	$ 1,073,170	$ 1,059,415
EBIT		
Fresh fruit	$ 70,174	$ 46,807
Fresh vegetables	16,703	43,723
Packaged foods	11,693	13,411
Fresh-cut flowers	6,394	3,104
Other operating segments	65	7
Total operating segments	105,029	107,052
Corporate and other	(11,494)	(9,757)
Interest expense	(19,647)	(14,531)
Income before income taxes and cumulative effect of a change in accounting principle	$ 73,888	$ 82,764

Total assets for the reportable operating segments and corporate and other were as follows (in thousands):

	March 22, 2003	December 28, 2002
Fresh fruit	$ 1,593,171	$ 1,509,424
Fresh vegetables	271,250	274,867
Packaged foods	364,835	347,395
Fresh-cut flowers	163,274	155,863
Other operating segments	9,265	10,575
Total operating segments	2,401,795	2,298,124

Corporate and other	682,387	738,728
	$3,084,182	$3,036,852

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Note 4 Inventories

The major classes of inventory were as follows (in thousands):

	March 22, 2003	December 28, 2002
Finished products	$206,585	$180,580
Raw materials and work in progress	115,985	111,725
Crop growing costs	44,823	59,672
Operating supplies and other	54,942	58,935
	$422,335	$410,912

Note 5 Earnings Per Common Share

The basic weighted-average number of common shares outstanding was 56.3 million and 55.9 million for the quarters ended March 22, 2003 and March 23, 2002, respectively. The difference between basic and diluted earnings per common share for the Company is solely attributable to stock options. For the quarters ended March 22, 2003 and March 23, 2002, stock options for approximately 0.9 million and 1.1 million shares, respectively, were excluded from the diluted earnings (loss) per share calculation, as these options were anti-dilutive. For the quarters ended March 22, 2003 and March 23, 2002 the diluted weighted-average number of common and common share equivalent outstanding was 56.9 million and 56.8 million, respectively.

Note 6 Dividends

During the first quarter of 2003, the Company declared and paid dividends of approximately $8 million on its common shares representing its regular quarterly dividends of 15 cents per share. During the first quarter of 2002, the Company declared dividends of $17 million on its common shares, representing its quarterly dividends of 15 cents per share for the first and second quarters of 2002, of which $8 million was paid.

Note 7 Stock-Based Compensation

During the first quarter of fiscal 2003, the Company adopted the fair-value recognition provisions of FAS 123, as amended by FAS 148, for stock-based employee compensation, effective as of the beginning of the 2003 fiscal year. Under the prospective method of adoption selected by the Company, the recognition provisions of FAS 123 apply to all new employee awards granted after December 28, 2002; prior awards will continue to be accounted for under the intrinsic value method. No stock compensation expense is included in the results of operations for the quarters ended March 22, 2003 and March 23, 2002.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

The following table illustrates the pro forma effect on net income (loss) and earnings (loss) per share as if the fair-value method had been applied to all outstanding and unvested awards in each period.

	Quarter Ended	
	March 22, 2003	March 23, 2002
	(In thousands, except per share amounts)	
Net income (loss)		
As reported	$60,788	$(63,638)
Pro forma	$60,408	$(64,204)
Earnings (loss) per common share basic		
As reported	$ 1.08	$ (1.13)
Pro forma	$ 1.07	$ (1.15)
Earnings (loss) per common share diluted		
As reported	$ 1.07	$ (1.12)
Pro forma	$ 1.06	$ (1.13)

Note 8 Comprehensive Income

Components of comprehensive income (loss) for the quarters ended March 22, 2003 and March 23, 2002 were as follows (in thousands):

	Quarter Ended	
	March 22, 2003	March 23, 2002
Net income (loss)	$60,788	$(63,638)
Unrealized foreign currency translation (loss) gain, net	(195)	81
Unrealized net gains on cash flow hedging instruments	4,192	680
Comprehensive income (loss)	$64,785	$(62,877)

Note 9 Goodwill

During the second quarter of 2002, the Company completed the two-step process of the transitional goodwill impairment test prescribed in Statement of Financial Accounting Standards No. 142 (FAS 142), Goodwill and Other Intangible Assets, with respect to existing goodwill. The transitional goodwill impairment test resulted in the Company recognizing a non-cash transitional goodwill impairment charge of $120 million in the second fiscal quarter of 2002. Details of this impairment charge can be found in Note 9 to the Consolidated Financial Statements in Item 8 of the Company s 10-K for the year ended December 28, 2002. As required by FAS 142, net income for the first quarter of 2002 has been restated to reflect this charge in the first interim period of the year of initial adoption. The $120 million charge has been reflected as a cumulative effect of a change in accounting principle in the Company s Condensed Consolidated Statement of Operations.

Note 10 Commitments and Contingencies

The Company is involved from time to time in claims and legal actions incidental to its operations, both as plaintiff and defendant. The Company has established what management currently believes to be adequate reserves for pending legal matters. These reserves are established as part of an ongoing worldwide assessment

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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 the Company is a party are not expected to have a material adverse effect, individually or in the aggregate, on the Company s financial condition or results of operations.

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 the apparent link between male sterility and exposure to DBCP among factory workers producing the product in 1977, 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 790 lawsuits, in various stages of proceedings, alleging injury as a result of exposure to DBCP. Eight of these lawsuits are currently pending in various jurisdictions in the United States, with the remainder pending in Latin America and the Philippines. Claimed damages total approximately $19.6 billion, with the lawsuits in Nicaragua representing 79% of this amount. In almost all of these cases, the Company is a joint defendant with the major DBCP manufacturers and, typically, other banana growers. To date, none of these lawsuits has resulted in a verdict or judgment against the Company. However, as described below, a judgment has been rendered in a DBCP case in Nicaragua.

In Nicaragua, the Company has been served in 31 of 311 pending cases, with the majority of the lawsuits brought pursuant to Law 364, an October 2000 Nicaraguan statute that contains substantive and procedural provisions that Nicaragua s acting Attorney General formally opined are unconstitutional. Nine of the 31 cases served were consolidated into one case before a civil trial court in Managua, with the plaintiffs naming an entity denominated as Dole Food Corporation Inc. as a defendant. The Company is aware of no legal entity bearing that name, and the Company is certain that no such legal entity is related to the Company. As a result, the Company responded in these nine consolidated cases on behalf of Dole Fresh Fruit Company, a subsidiary of the Company, which has been named as a defendant in other pending DBCP matters, including matters brought by Nicaraguan citizens. The Company paid a $100,000 non-refundable deposit to the Nicaraguan court, as required under Law 364, to participate in the litigation. On October 25, 2002, the civil trial court in Managua issued a ruling that Dole Fresh Fruit Company was not a party to the nine consolidated cases. Thereafter, counsel for Dole Fresh Fruit Company notified the court that no legal entity known as Dole Food Corporation Inc. exists and offered to appear on behalf of Dole Food Company, Inc. and to ratify all prior pleadings of Dole Fresh Fruit Company. On November 25, 2002, the civil trial court issued a ruling that Dole Food Company, Inc. is not a defendant in the nine consolidated cases.

On December 13, 2002, the Nicaraguan civil trial court entered a judgment in the aggregate amount of $489 million on behalf of 468 plaintiffs against Dow Chemical Company, also known as Dow AgroSciences, Shell Chemical Company, Standard Fruit and Vegetable Company and Dole Food Corporation Inc. in the

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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nine consolidated actions. Because the civil trial court had held that the Company is not a defendant in the case, the court also ordered that the Company s $100,000 deposit be returned. Standard Fruit and Vegetable Company is a Texas corporation that is wholly unrelated to the Company. On May 14, 2003, an action was filed in Los Angeles Superior Court against The Dow Chemical Company, Shell Chemical Company and Dole Food Company, Inc. to enforce the Nicaraguan judgment.

The Company believes that the Nicaraguan civil trial court s judgment will not be enforceable against any Dole entity in the U.S. or in any other country, because no Dole entity has been named in the judgment and Nicaragua s Law 364 is unconstitutional and violates international 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 participate in the litigation, it provides a severely truncated procedural process, it establishes irrebutable presumption of causation that are contrary to the evidence and scientific data, and it sets unreasonable minimum damages that must be awarded. In addition, although the Company sought to participate in the case, the Nicaraguan civil trial court ruled that the Company would not be heard and that the Company s legal motions and papers would not be considered. Finally, as previously noted, the civil trial court ruled that neither Dole Food Company, Inc. nor Dole Fresh Fruit Company is a defendant in the case. For these reasons, the Company does not believe a U.S. court or that of any other nation would enforce this judgment.

As to all the DBCP matters, the Company has denied liability and asserted substantial defenses. 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.

Note 11 Income Taxes

The income tax provision of approximately $13 million for the quarter ended March 22, 2003 reflects the Company s effective income tax rate for the quarter of 18%. The income tax provision of approximately $26 million for the first quarter of 2002 reflects the Company s then expected effective tax rate for the full fiscal year of 32%. For both the quarters ended March 22, 2003 and March 23, 2002, the Company s effective tax rate differs from the U.S. federal statutory rate primarily due to earnings from operations being taxed in foreign jurisdictions at a net effective rate lower than the U.S. rate. No U.S. taxes have been provided on these earnings because such earnings are intended to be indefinitely invested outside the U.S.

As a result of the consummation of the transaction described in Note 12, the income tax provision for the quarter ended March 22, 2003 was based on earnings for the period from December 29, 2002 through March 28, 2003, to reflect the final separate financial reporting period for the Company in its predecessor form. After the consummation of the going-private transaction, the results of operations will be attributable to a new successor company. The income tax provision for the quarter ended March 23, 2002 was determined based on the Company s best estimate of the effective tax rate expected to be applicable for the full fiscal year on an ongoing basis.

Note 12 Going Private Merger and Refinancing Transactions

On December 18, 2002, the Company signed a definitive merger agreement with David H. Murdock, the Company s Chairman and Chief Executive Officer, pursuant to which Mr. Murdock would acquire the approximately 76% of the Company s common stock that he and his affiliates did not already own for $33.50 per share in cash. On March 26, 2003, the merger was approved at a special meeting of the Company s stockholders. The transaction was successfully completed on March 28, 2003 and the Company became wholly owned by Mr. Murdock through DHM Holding Company, Inc., a Delaware corporation (HoldCo).

DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

As a result of the transaction, the Company s outstanding shares of common stock were retired and all outstanding stock options have been settled in cash, except that options held by Mr. Murdock were cancelled without payment.

The purchase price of all of the outstanding common stock of the Company not already owned by Mr. Murdock and his affiliates, plus transaction costs, is estimated at approximately $1.55 billion. The funds necessary to purchase these shares of the Company consisted of a $125 million capital contribution by HoldCo, funds borrowed under $1.125 billion of new senior secured credit facilities (consisting of $825 million of term loan facilities and $300 million of revolving credit facilities) and the issuance of $475 million principal amount of 8 7/8% Senior Notes due 2011 (the 2011 Notes). The 2011 Notes were offered within the United States only to qualified institutional investors pursuant to Rule 144A under the Securities Act of 1933 (the Securities Act) and to persons outside the United States in compliance with Regulation S under the Securities Act. The Credit Agreement with respect to the new senior secured credit facilities and the Indenture with respect to the 2011 Notes contain significant restrictions and covenants affecting, among other things, the operations and finances of the Company and its subsidiaries.

In addition, on March 28, 2003, the Company repaid its 7% Senior Notes due 2003 and called for redemption its 6.375% Senior Notes due 2005 that had outstanding balances of approximately $210 million and $300 million, respectively, at March 22, 2003. The Company s 7.25% Senior Notes due 2009 and 7.875% Debentures due 2013 remain outstanding; however, the terms of both the Senior Notes due 2009 and Debentures due 2013 were modified to provide for substantially the same interest rates, covenants and guarantees from certain of the Company s subsidiaries as are provided for by the 2011 Notes. The modifications provide for interest at 8.625% on the Senior Notes due 2009 and 8.75% on the Debentures due 2013.

In connection with the transaction, the Company sold its interest in an aircraft under an operating sale-leaseback agreement for approximately $29 million, which approximated its book value. The Company also purchased shipping containers for approximately $77 million that were previously leased under separate capital and operating lease agreements and modified the provisions of its corporate headquarters operating lease to provide for substantially the same interest rate as the new senior secured credit facilities.

The acquisition will be accounted for as a purchase by HoldCo with the related purchase accounting pushed down to the Company. The allocation of the purchase price to the assets and liabilities of the Company has not been completed; however, after completion, the Company s consolidated financial statements will be significantly different from those presented historically.

On May 29, 2003, the Company issued and sold $400 million aggregate principal amount of 7 1/4% Senior Notes due 2010 (the 2010 Notes) in an offering exempt from the registration requirements of the Securities Act of 1933. The Company used the net proceeds from this offering of approximately $392.7 million, together with other available cash, to prepay $400 million of the term loans under the senior secured credit facility. In connection with the offering, the Company and the lenders under the senior secured credit facility effected certain amendments to the Company s senior secured credit facility. The indenture with respect to the 2010 Notes contains covenants and restrictions substantially identical to those under the 2011 Notes.

Note 13 Guarantor Financial Information

In connection with the issuance of the 2011 Notes in March 2003 and the 2010 Notes in May 2003, the Company and all of its wholly owned domestic subsidiaries (Guarantors) have fully and unconditionally guaranteed, on a joint and several basis, the Company s obligations under the related indentures (the Guarantees). Each Guarantee is subordinated in right of payment to the Guarantors existing and future senior debt, including obligations under the senior secured credit facility, and will rank pari passu with all

DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

senior subordinated indebtedness of the applicable Guarantor. All Guarantors are 100% owned by the Company.

The accompanying Guarantor condensed financial information is presented on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for the Company s share in the subsidiaries cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate primarily to the elimination of investments in subsidiaries and associated intercompany balances and transactions.

The following are the consolidating condensed statement of income of the Company for the quarter ended March 22, 2003 and the consolidating condensed statement of operations for the quarter ended March 23, 2002, the consolidating condensed balance sheet as of March 22, 2003, and the consolidating condensed statements of cash flows for the quarters ended March 22, 2003 and March 23, 2002.

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Quarter Ended March 22, 2003

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
Revenues, net	$96,185	$432,831	$803,294	$(259,140)	$1,073,170
Cost of products sold	69,640	371,625	712,914	(259,140)	895,039
Gross margin	26,545	61,206	90,380		178,131
Selling, marketing and general and administrative expenses	28,887	23,285	37,169		89,341
Operating income (loss)	(2,342)	37,921	53,211		88,790
Equity in subsidiary income	73,874	5,252		(79,126)	
Interest income	1,179	119	1,402		2,700
Other income (expense) net	(165)	119	2,091		2,045
Interest expense	17,831	28	1,788		19,647
Income before income taxes	54,715	43,383	54,916	(79,126)	73,888
Income taxes	(6,073)	16,024	3,149		13,100
Net income	$60,788	$ 27,359	$ 51,767	$ (79,126)	$ 60,788

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

For the Quarter Ended March 23, 2002

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
Revenues, net	$ 95,241	$465,656	$691,702	$(193,184)	$1,059,415
Cost of products sold	71,188	391,440	611,548	(193,184)	880,992
Gross margin	24,053	74,216	80,154		178,423
Selling, marketing and general and administrative expenses	23,138	29,496	31,867		84,501
Operating income	915	44,720	48,287		93,922
Equity in subsidiary income	(46,558)	542		46,016	
Interest income	633	176	1,339		2,148
Other income (expense) net	(73)	(27)	1,325		1,225
Interest expense	13,113	854	564		14,531
Income (loss) before income taxes and cumulative effect of a change in accounting principle	(58,196)	44,557	50,387	46,016	82,764
Income taxes	5,442	17,481	3,562		26,485
Income (loss) before cumulative effect of a change in accounting principle	(63,638)	27,076	46,825	46,016	56,279
Cumulative effect of a change in accounting principle		7,260	112,657		119,917
Net income (loss)	$(63,638)	$ 19,816	$ (65,832)	$ 46,016	$ (63,638)

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET

As of March 22, 2003

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
ASSETS					
Current Assets					
Cash and cash equivalents	$ 531,591	$ (637)	$ 110,046	$	$ 641,000
Receivables, net of allowances	43,861	174,354	378,529	(10,437)	586,307
Inventories	70,544	77,783	274,008		422,335
Deferred income taxes	14,007	18,945			32,952
Prepaid expenses	2,469	12,303	32,380		47,152
Total current assets	662,472	282,748	794,963	(10,437)	1,729,746
Investments	2,625,204	540,119	77,932	(3,161,153)	82,102
Property, plant and equipment, net	72,213	266,642	664,954		1,003,809
Goodwill, net	28	1,127	130,934		132,089
Other assets, net	58,169	2,303	92,706	(16,742)	136,436
Total Assets	$3,418,086	$1,092,939	$1,761,489	$(3,188,332)	$3,084,182
LIABILITIES AND SHAREHOLDERS EQUITY					
Current Liabilities					
Notes payable	$	$ 736	$ 11,997	$	$ 12,733
Current portion of long-term debt	209,278		39,813		249,091
Accounts payable and accrued liabilities	118,155	203,690	390,828	(10,437)	702,236
Total current liabilities	327,433	204,426	442,638	(10,437)	964,060
Intercompany payables (receivables)	1,130,260	(908,908)	(221,352)		
Long-term debt	852,896	1,567	9,190		863,653
Other long-term liabilities	302,766	58,927	76,224	(16,742)	421,175
Minority interests		6,600	23,963		30,563
Total shareholders equity	804,731	1,730,327	1,430,826	(3,161,153)	804,731
Total Liabilities and Shareholders Equity	$3,418,086	$1,092,939	$1,761,489	$(3,188,332)	$3,084,182

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Quarter Ended March 22, 2003

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
OPERATING ACTIVITIES					
Cash flow provided by (used in) operating activities	$146,297	$ 2,259	$(147,151)	$ —	$ 1,405
INVESTING ACTIVITIES					
Proceeds from sales of assets	834	33	876		1,743
Capital additions	(621)		(3,206)		(3,827)
Cash flow provided by (used in) investing activities	213	33	(2,330)	—	(2,084)
FINANCING ACTIVITIES					
Short-term debt borrowings		1,786	6,991		8,777
Short-term debt repayments	(4,353)	(1,730)	(4,576)		(10,659)
Long-term debt borrowings		15	4,178		4,193
Long-term debt repayments		(143)	(2,809)		(2,952)
Dividends paid to common shareholders	(8,440)				(8,440)
Proceeds from issuance of common stock	2,768				2,768
Cash flow (used in) provided by financing activities	(10,025)	(72)	3,784	—	(6,313)
Effect of foreign exchange rate changes on cash and cash equivalents			1,025		1,025
Increase (decrease) in cash and cash equivalents	136,485	2,220	(144,672)		(5,967)
Cash and cash equivalents at beginning of period	395,106	(2,857)	254,718	—	646,967
Cash and cash equivalents at end of period	$531,591	$ (637)	$ 110,046	$ —	$641,000

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Quarter Ended March 23, 2002

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(Dollars in thousands)		
OPERATING ACTIVITIES					
Cash flow (used in) provided by operating activities	$(70,018)	$ 1,252	$ 18,603	$ —	$ (50,163)
INVESTING ACTIVITIES					
Proceeds from sales of assets	1,239	5,603	1,578		8,420
Purchases of investments			(511)		(511)
Capital additions	(10,160)	(831)	(5,646)	—	(16,637)
Cash flow (used in) provided by investing activities	(8,921)	4,772	(4,579)	—	(8,728)
FINANCING ACTIVITIES					
Short-term debt borrowings		232	5,629		5,861
Short-term debt repayments			(9,511)		(9,511)
Long-term debt borrowings					
Long-term debt repayments			(7,089)		(7,089)
Dividends paid to common shareholders	(8,389)				(8,389)
Proceeds from issuance of common stock	1,210			—	1,210
Cash flow (used in) provide by financing activities	(7,179)	232	(10,971)	—	(17,918)
Effect of foreign exchange rate changes on cash and cash equivalents			331	—	331
(Decrease) increase in cash and cash equivalents	(86,118)	6,256	3,384		(76,478)
Cash and cash equivalents at beginning of period	93,282	(4,656)	272,700	—	361,326
Cash and cash equivalents at end of period	$ 7,164	$ 1,600	$276,084	$ —	$284,848

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II. Supplementary Data

Quarterly Financial Information (Unaudited)

The following table presents summarized quarterly results (in thousands, except per-share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2002					
Revenues, net	$1,059,415	$1,118,185	$1,254,494	$959,979	$4,392,073
Gross margin	181,104	198,109	181,068	144,054	704,335
Net income from continuing operations	56,279	66,848	14,650	18,421	156,198
Net income from discontinued operations					
Cumulative effect of a change in accounting principle	(119,917)				(119,917)
Net income (loss)	(63,638)	66,848	14,650	18,421	36,281
Net income (loss) per common share basic					
Continuing operations	$ 1.01	$ 1.19	$ 0.26	$ 0.33	$ 2.78
Discontinued operations					
Cumulative effect of a change in accounting principle	(2.14)				(2.14)
Net income (loss) per common share basic	$ (1.13)	$ 1.19	$ 0.26	$ 0.33	$ 0.64
Net income (loss) per common share diluted					
Continuing operations	$ 0.99	$ 1.18	$ 0.26	$ 0.32	$ 2.76
Discontinued operations					
Cumulative effect of a change in accounting principle	(2.11)				(2.12)
Net income (loss) per common share diluted	$ (1.12)	$ 1.18	$ 0.26	$ 0.32	$ 0.64
2001					
Revenues, net	$1,031,483	$1,127,921	$1,208,055	$947,362	$4,314,821
Gross margin	143,246	149,231	35,840	104,723	433,040
Net income (loss) from continuing operations	29,455	33,285	(103,902)	4,084	(37,078)
Net income from discontinued operations	5,264	3,683	9,146	169,389	187,482
Cumulative effect of a change in accounting principle					
Net income (loss)	34,719	36,968	(94,756)	173,473	150,404
Net income (loss) per common share basic					
Continuing operations	$ 0.53	$ 0.59	$ (1.86)	$ 0.07	$ (0.66)
Discontinued operations	0.09	0.07	0.16	3.03	3.35
Cumulative effect of a change in accounting principle					
Net income (loss) per common share basic	$ 0.62	$ 0.66	$ (1.70)	$ 3.10	$ 2.69
Net income (loss) per common share diluted					
Continuing operations	$ 0.53	$ 0.59	$ (1.86)	$ 0.07	$ (0.66)

Discontinued operations	0.09	0.07	0.16	3.00	3.33
Cumulative effect of a change in accounting principle					
Net income (loss) per common share diluted	$ 0.62	$ 0.66	$ (1.70)	$ 3.07	$ 2.67

$400,000,000

Offer to Exchange

7 1/4% Senior Notes due 2010,

which have been registered under
the Securities Act of 1933,
for any and all outstanding
7 1/4% Senior Notes due 2010,
which have not
been registered under
the Securities Act of 1933,
of

Dole Food Company, Inc.