

DOLE FOOD CO INC
Form 10-Q
May 03, 2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

x

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 24, 2012

or

..

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

**For the transition period from to
Commission file number 1-4455**

Dole Food Company, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of

incorporation or organization)

One Dole Drive, Westlake Village, California 91362

(Address of principal executive offices and zip code)

99-0035300

(I.R.S. Employer

Identification No.)

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Registrant's telephone number, including area code:

(818) 879-6600

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Shares Outstanding at April 30, 2012 |
|---------------------------------|--------------------------------------|
| Common Stock, \$0.001 Par Value | 88,946,386 |

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Table of Contents**PART I.****FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****DOLE FOOD COMPANY, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

| | Quarter Ended | |
|---|--|---------------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands, except per share data) | |
| Revenues, net | \$ 1,626,610 | \$ 1,686,104 |
| Cost of products sold | (1,455,759) | (1,479,343) |
| Gross margin | 170,851 | 206,761 |
| Selling, marketing and general and administrative expenses | (127,312) | (124,730) |
| Charges for restructuring (Notes 3) | (1,331) | (2,755) |
| Gain on asset sales (Note 7) | 4,203 | |
| Operating income | 46,411 | 79,276 |
| Other income (expense), net (Note 2) | 3,008 | (39,351) |
| Interest income | 849 | 1,318 |
| Interest expense | (30,836) | (35,470) |
| Income from continuing operations before income taxes and equity earnings | 19,432 | 5,773 |
| Income taxes | (3,858) | (5,140) |
| Earnings from equity method investments | 1,603 | 1,210 |
| Income from continuing operations, net of income taxes | 17,177 | 1,843 |
| Income (loss) from discontinued operations, net of income taxes | (33) | 202 |
| Net income | 17,144 | 2,045 |
| Less: Net income attributable to noncontrolling interests | (777) | (1,005) |
| Net income attributable to shareholders of Dole Food Company, Inc. | \$ 16,367 | \$ 1,040 |
| Earnings per share Basic and Diluted (Note 15): | | |
| Income from continuing operations | \$ 0.20 | \$ 0.02 |
| Net income attributable to shareholders of Dole Food Company, Inc. | \$ 0.19 | \$ 0.01 |

See Accompanying Notes to Condensed Consolidated Financial Statements

Table of Contents**DOLE FOOD COMPANY, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(Unaudited)**

| | Quarter Ended | |
|---|---------------------------|---------------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Net income | \$ 17,144 | \$ 2,045 |
| Net foreign currency translation adjustment | 4,953 | 10,903 |
| Unrealized hedging gains (losses), net of income taxes of \$1,636 and (\$578) | 52,772 | (1,083) |
| Reclassification of realized losses to net income, net of income taxes of (\$199) and \$301 | 2,617 | 4,975 |
| Comprehensive income | 77,486 | 16,840 |
| Less: Comprehensive income attributable to noncontrolling interests | (780) | (1,008) |
| Comprehensive income attributable to shareholders of Dole Food Company, Inc. | \$ 76,706 | \$ 15,832 |

See Notes to Condensed Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

| | March 24, 2012 | December 31, 2011 |
|--|--|----------------------|
| | (In thousands, except per share data) | |
| ASSETS | | |
| Cash and cash equivalents | \$ 105,736 | \$ 122,348 |
| Restricted cash | 6,178 | 6,230 |
| Receivables, net of allowances of \$32,512 and \$32,237, respectively | 738,782 | 685,094 |
| Inventories | 877,031 | 829,517 |
| Prepaid expenses and other assets | 64,260 | 65,331 |
| Deferred income tax assets | 26,051 | 26,184 |
| Assets held-for-sale (Note 7) | 23,936 | 75,641 |
| Total current assets | 1,841,974 | 1,810,345 |
| Investments | 101,538 | 99,469 |
| Actively marketed land (Note 7) | 74,814 | 74,814 |
| Property, plant and equipment, net of accumulated depreciation of \$1,172,073 and \$1,150,304, respectively | 900,745 | 910,729 |
| Goodwill | 412,715 | 416,862 |
| Intangible assets, net | 739,654 | 732,013 |
| Other assets, net | 257,223 | 225,839 |
| Total assets | \$ 4,328,663 | \$ 4,270,071 |
| LIABILITIES AND EQUITY | | |
| Accounts payable | \$ 501,303 | \$ 452,049 |
| Liabilities related to assets held-for-sale (Note 7) | | 49,117 |
| Accrued liabilities | 521,487 | 540,479 |
| Current portion of long-term debt, net | 10,544 | 10,756 |
| Notes payable | 56,438 | 27,969 |
| Total current liabilities | 1,089,772 | 1,080,370 |
| Long-term debt, net | 1,625,833 | 1,641,112 |
| Deferred income tax liabilities | 184,989 | 181,677 |
| Other long-term liabilities | 529,643 | 548,491 |
| Commitments and contingencies (Note 14) | | |
| Shareholders' equity | | |
| Preferred stock \$0.001 par value; 10,000 shares authorized, none issued or outstanding | | |
| Common stock \$0.001 par value; 300,000 shares authorized, 88,952 shares issued and outstanding as of March 24, 2012 and December 31, 2011 | 89 | 89 |
| Additional paid-in capital | 789,204 | 786,355 |
| Retained earnings | 125,809 | 109,442 |
| Accumulated other comprehensive income (loss) | (43,043) | (103,382) |
| Equity attributable to shareholders of Dole Food Company, Inc. | 872,059 | 792,504 |
| Equity attributable to noncontrolling interests | 26,367 | 25,917 |

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| | | |
|------------------------------|--------------|--------------|
| Total equity | 898,426 | 818,421 |
| Total liabilities and equity | \$ 4,328,663 | \$ 4,270,071 |

See Accompanying Notes to Condensed Consolidated Financial Statements

Table of Contents**DOLE FOOD COMPANY, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

| | Quarter Ended | |
|---|-------------------|-------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Operating Activities | | |
| Net income | \$ 17,144 | \$ 2,045 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Depreciation and amortization | 23,624 | 23,353 |
| Share-based compensation expense | 2,849 | 1,865 |
| Net (gains) losses on financial instruments | (10,751) | 38,015 |
| Asset write-offs and net (gain) loss on sale of assets | (4,158) | 2,323 |
| Earnings from equity method investments | (1,603) | (1,210) |
| Amortization of debt discounts and debt issuance costs | 2,527 | 2,615 |
| Provision for deferred income taxes | (67) | (4,937) |
| Pension and other postretirement benefit plan expense | 5,158 | 4,576 |
| Other | (370) | |
| Changes in operating assets and liabilities: | | |
| Receivables | (48,146) | (78,613) |
| Inventories | (47,447) | (61,245) |
| Prepaid expenses and other assets | (3,877) | 4,348 |
| Income taxes | (2,262) | 5,246 |
| Accounts payable | 59,080 | 39,050 |
| Accrued liabilities | (4,171) | (19,866) |
| Other long-term liabilities | (1,811) | (4,448) |
| Cash flow used in operating activities | (14,281) | (46,883) |
| Investing Activities | | |
| Cash received from sales of assets and businesses, net of cash disposed | 21,879 | 2,597 |
| Business acquisitions, net of cash acquired | (14,474) | |
| Capital expenditures | (13,996) | (17,260) |
| Restricted cash and deposits | 52 | 39,773 |
| Other | (430) | (250) |
| Cash flow provided by (used in) investing activities | (6,969) | 24,860 |
| Financing Activities | | |
| Short-term debt borrowing (repayments), net | 30,794 | (6,757) |
| Long-term debt borrowings | 298,836 | 138,221 |
| Long-term debt repayments | (316,973) | (138,966) |
| Dividends paid to noncontrolling interests | (180) | (180) |
| Settlement of long-term Japanese yen hedge forwards | (8,687) | |
| Cash flow provided by (used in) financing activities | 3,790 | (7,682) |
| Effect of foreign currency exchange rate changes on cash | 848 | 2,136 |
| Decrease in cash and cash equivalents | (16,612) | (27,569) |
| Cash and cash equivalents at beginning of period | 122,348 | 170,147 |

| | | |
|--|------------|------------|
| Cash and cash equivalents at end of period | \$ 105,736 | \$ 142,578 |
|--|------------|------------|

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DOLE FOOD COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Unaudited)

Supplemental cash flow information

At March 24, 2012 and December 31, 2011, accounts payable included approximately \$2 million and \$12.3 million, respectively, for capital expenditures. Of the \$12.3 million of capital expenditures included in accounts payable at December 31, 2011, approximately \$4.3 million had been paid during the quarter ended March 24, 2012. Approximately \$9.4 million had been paid during the quarter ended March 26, 2011 related to \$18.3 million of capital additions included in accounts payable at January 1, 2011.

During the first quarter of 2011, Dole effectively extinguished its cross currency swap liability by entering into a series of Japanese yen forward contracts (long-term Japanese yen hedges) that mature over a four year period. Refer to Note 12 Derivative Financial Instruments for additional information.

In connection with the sale of a non-core German subsidiary (German subsidiary) during the first quarter of 2012, Dole recorded \$29 million as notes receivable, of which \$1 million was included in receivables and \$28 million was included in other assets. Related to the sale, Dole recorded deferred income of \$23.8 million of which \$1 million was included in accrued liabilities and \$22.8 million was in other long-term liabilities. Refer to Note 7 Assets Held-For-Sale and Actively Marketed Land for additional information.

See Accompanying Notes to Condensed Consolidated Financial Statements

Table of Contents**DOLE FOOD COMPANY, INC.****CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY****(Unaudited)**

| | Equity Attributable to Shareholders of Dole Food Company, Inc. | | | | | | | | | |
|---|--|--------------|-----------------|-------------------|-----------------------------------|---|-------------------------------------|--------------------------|------------------------|------------|
| | Common | | | Additional | | Accumulated Other Comprehensive Income (Loss) | | Equity | | Total |
| | Shares Outstanding | Common Stock | Paid-In Capital | Retained Earnings | Pension & Postretirement Benefits | Cumulative Translation Adjustment | Unrealized Gains (Losses) on Hedges | Noncontrolling Interests | Equity Attributable to | |
| Balance at January 1, 2011 | 88,611 | \$ 89 | \$ 776,918 | \$ 71,083 | \$ (71,836) | \$ 42,067 | \$ (26,152) | \$ 24,615 | \$ 816,784 | \$ 816,784 |
| Net income | | | | 1,040 | | | | 1,005 | | 2,045 |
| Share-based compensation | | | 1,865 | | | | | | | 1,865 |
| Issuance of restricted stock | 6 | | | | | | | | | |
| Cancellation of restricted stock | (30) | | | | | | | | | |
| Dividends paid | | | | | | | | (180) | | (180) |
| Net foreign currency translation adjustment | | | | | | 10,900 | | 3 | | 10,903 |
| Unrealized hedging gains (losses), net of income taxes of (\$578) | | | | | | | (1,083) | | | (1,083) |
| Reclassification of realized losses to net income, net of income taxes of \$301 | | | | | | | 4,975 | | | 4,975 |
| Balance at March 26, 2011 | 88,587 | \$ 89 | \$ 778,783 | \$ 72,123 | \$ (71,836) | \$ 52,967 | \$ (22,260) | \$ 25,443 | \$ 835,309 | \$ 835,309 |
| Balance at December 31, 2011 | 88,952 | \$ 89 | \$ 786,355 | \$ 109,442 | \$ (94,708) | \$ 30,346 | \$ (39,020) | \$ 25,917 | \$ 818,421 | \$ 818,421 |
| Net income | | | | 16,367 | | | | 777 | | 17,144 |
| Share-based compensation | | | 2,849 | | | | | | | 2,849 |
| Dividends paid | | | | | | | | (180) | | (180) |
| Disposal of noncontrolling interest | | | | | | | | (150) | | (150) |
| Net foreign currency translation adjustment | | | | | | 4,950 | | 3 | | 4,953 |
| Unrealized hedging gains (losses), net of income taxes of \$1,636 | | | | | | | 52,772 | | | 52,772 |
| Reclassification of realized losses to net income, net of income taxes of (\$199) | | | | | | | 2,617 | | | 2,617 |
| Balance at March 24, 2012 | 88,952 | \$ 89 | \$ 789,204 | \$ 125,809 | \$ (94,708) | \$ 35,296 | \$ 16,369 | \$ 26,367 | \$ 898,426 | \$ 898,426 |

See Accompanying Notes to Condensed Consolidated Financial Statements

Table of Contents**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 (Dole or the Company) include all adjustments necessary, which are of a normal recurring nature, to present fairly Dole's financial position, results of operations and cash flows. Dole operates under a 52/53-week year. The quarters ended March 24, 2012 and March 26, 2011 are twelve weeks in duration. For a summary of significant accounting policies and additional information relating to Dole's financial statements, refer to the Notes to Consolidated Financial Statements in Item 8 of Dole's Annual Report on Form 10-K for the year ended December 31, 2011.

Interim results are subject to seasonal variations and are not necessarily indicative of the results of operations for a full year. Dole'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 foreign currency exchange rates in both sourcing and selling locations as well as economic crises and security risks.

In March 2003, Dole completed a going-private merger transaction. As a result of the transaction, Dole became wholly-owned by David H. Murdock, Dole's Chairman. In October 2009, Dole completed a \$446 million initial public offering (IPO) of its common stock and received proceeds of \$415 million. Dole's chairman, David H. Murdock, and his affiliates beneficially own 51,710,000 common shares, or approximately 58.1% of Dole's outstanding common shares.

NOTE 2 OTHER INCOME (EXPENSE), NET

Included in other income (expense), net in Dole's condensed consolidated statements of operations for the quarters ended March 24, 2012 and March 26, 2011 are the following items:

| | Quarter Ended | |
|--|---------------------------|---------------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Unrealized gain (loss) on long-term Japanese yen hedges | \$ 944 | \$ (27,405) |
| Unrealized gain (loss) on foreign denominated borrowings | 3,747 | (7,566) |
| Realized loss on foreign denominated borrowings | (329) | (85) |
| Foreign currency exchange loss on vessel obligation | (1,394) | (2,409) |
| Unrealized loss on cross currency swap | | (3,787) |
| Realized gain on cross currency swap | | 1,885 |
| Other | 40 | 16 |
| Other income (expense), net | \$ 3,008 | \$ (39,351) |

Refer to Note 12 Derivative Financial Instruments for further discussion regarding Dole's long-term Japanese yen hedges and cross currency swap.

NOTE 3 CHARGES FOR RESTRUCTURING

As a result of challenging market conditions in Dole's fresh fruit operations, Dole committed to a restructuring plan during the third quarter of 2010 in its fresh fruit segment in Europe, Latin America and Asia (2010 plan). These restructuring efforts are designed to reduce costs by realigning fruit supply with expected demand. As part of these initiatives, Dole restructured certain farming operations in Latin America and Asia, reorganized its European operations and rationalized vessel charters.

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During the third quarter of 2011, Dole committed to further restructure its fresh fruit operations in Europe and Latin America, as well as restructure the fresh vegetables operations in Asia (2011 plan). As part of this

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

plan, Dole consolidated certain operations in Europe to reduce overhead, restructured farming operations in Latin America, and further rationalized vessel charters. In addition, Dole ended certain unprofitable contractual arrangements in Asia.

As a result of these various initiatives, Dole expects to realize cash savings in its financial results. These savings are expected to result from lower production costs including lower labor costs on our farms and in our ports, enhanced farm productivity, lower distribution costs resulting from more efficient utilization of our shipping fleet, the termination of unprofitable contractual arrangements, and lower selling and general and administrative costs as a result of streamlining Dole's organization in Europe.

2010 Restructuring Plan

Dole incurred restructuring costs of \$0.1 million during the first quarter of 2012, related to the 2010 plan. Dole incurred cumulative restructuring costs of \$41.5 million since the third quarter of 2010 for this plan. Of these costs, \$20.6 million were paid or will be paid in cash, with the remaining amounts related to the non-cash write-down of long-lived assets and deferred crop-growing costs of \$12.9 million as well as pension-related settlement charges of \$8 million. Severance charges relating to employee terminations involved approximately 3,470 employees.

Dole expects to incur additional restructuring charges of approximately \$0.5 million during the remainder of fiscal 2012 related to the 2010 plan. These additional charges will primarily consist of employee severance and contract termination costs. Approximately 110 additional employees are expected to be impacted by these initiatives.

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

| | Charges/ Adjustments Incurred in 2012 | Cumulative Charges Incurred | Additional Charges to be Incurred | Total Charges |
|--|---|-----------------------------------|--|------------------|
| (In thousands) | | | | |
| Severance and other employee-related costs | \$ 82 | \$ 8,700 | \$ 141 | \$ 8,841 |
| Contract termination and other costs | (19) | 11,898 | 396 | 12,294 |
| Pension-related settlement charges | | 7,982 | | 7,982 |
| Asset write-downs | 86 | 7,597 | | 7,597 |
| Subtotal | 149 | 36,177 | 537 | 36,714 |
| Inventory write-downs recorded in costs of products sold | | 5,294 | | 5,294 |
| | \$ 149 | \$ 41,471 | \$ 537 | \$ 42,008 |

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

| Balance as of | Charges/ Adjustments | Cash Payments | Non-cash | Balance as of March 24, |
|------------------|-------------------------|---------------|----------|----------------------------|
|------------------|-------------------------|---------------|----------|----------------------------|

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| | December 31, 2011 | | | | 2012 |
|---|----------------------|-------|----------|----|----------|
| | (In thousands) | | | | |
| Severance and other employee-related costs | \$ 85 | \$ 82 | \$ (82) | \$ | \$ 85 |
| Contract termination and other costs | 3,715 | (19) | (279) | | 3,417 |
| | \$ 3,800 | \$ 63 | \$ (361) | \$ | \$ 3,502 |

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****2011 Restructuring Plan**

Dole incurred restructuring costs of \$1.2 million during the first quarter of 2012, related to the 2011 plan. Dole incurred cumulative restructuring costs of \$11.4 million since the third quarter of 2011 for this plan. Of these costs, \$7.9 million were paid or will be paid in cash, with the remaining amounts related to the non-cash write-down of long-lived assets of \$3.4 million as well as pension-related settlement charges of \$0.1 million. Severance charges relating to employee terminations involved approximately 475 employees.

Dole expects to incur additional restructuring charges of approximately \$1.9 million during the remainder of fiscal 2012 related to the 2011 plan. These additional charges will primarily consist of employee severance and contract termination costs. Approximately 60 additional employees are expected to be impacted by these initiatives.

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

| | Charges/ Adjustments Incurred in 2012 | Cumulative Charges Incurred (In thousands) | Additional Charges to be Incurred | Total Charges |
|--|---|---|--|------------------|
| Severance and other employee-related costs | \$ (35) | \$ 407 | \$ 1,197 | \$ 1,604 |
| Contract termination and other costs | 1,217 | 7,511 | 740 | 8,251 |
| Pension-related settlement charges | | 86 | | 86 |
| Asset write-downs | | 3,410 | | 3,410 |
| | \$ 1,182 | \$ 11,414 | \$ 1,937 | \$ 13,351 |

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

| | Balance as of December 31, 2011 | Charges/ Adjustments | Cash Payments (In thousands) | Non-cash | Balance as of March 24, 2012 |
|--|--|-------------------------|---------------------------------|----------|------------------------------------|
| Severance and other employee-related costs | \$ 194 | \$ (35) | \$ (159) | \$ | \$ |
| Contract termination and other costs | 4,235 | 1,217 | (2,355) | (4) | 3,093 |
| | \$ 4,429 | \$ 1,182 | \$ (2,514) | \$ (4) | \$ 3,093 |

NOTE 4 INCOME TAXES

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Dole recorded \$3.9 million of income tax expense on \$19.4 million of pretax income from continuing operations for the quarter ended March 24, 2012. Income tax expense included interest expense of \$0.3 million related to Dole's unrecognized tax benefits. Income tax expense of \$5.1 million on \$5.8 million of pretax income from continuing operations was recorded for the first quarter ended March 26, 2011 which included interest expense of \$0.6 million related to Dole's unrecognized tax benefits. Dole's effective tax rate varies significantly from period to period due to the level, mix and seasonality of earnings generated in its various U.S. and foreign jurisdictions. For the quarter ended March 24, 2012, Dole's income tax expense differs from the U.S. federal statutory rate applied to Dole's pretax income primarily due to operations in foreign jurisdictions that are taxed at

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

a rate lower than the U.S. federal statutory rate. For the quarter ended March 26, 2011, Dole's income tax expense differed from the U.S. federal statutory rate applied to Dole's pretax income primarily due to losses in certain jurisdictions for which it is more likely than not that a tax benefit will not be realized.

Dole is required to adjust its effective tax rate for each quarter to be consistent with the estimated annual effective tax rate. Jurisdictions with a projected loss where no tax benefit can be recognized are excluded from the calculation of the estimated annual effective tax rate. This could result in a higher or lower effective tax rate during a particular quarter based upon the mix and timing of actual earnings versus annual projections.

As a result of expiration of the statute of limitations, Dole's total amount of unrecognized tax benefits will decrease in the second quarter of 2012 by \$17 million relating to transfer pricing items.

Dole recognizes accrued interest and penalties related to its unrecognized tax benefits as a component of income taxes in the accompanying condensed consolidated statements of operations. Accrued interest and penalties before tax benefits was \$10.6 million at both March 24, 2012 and December 31, 2011, respectively, and are included as a component of other long-term liabilities in the accompanying condensed consolidated balance sheets. As noted above, the increase in interest expense of \$0.3 million for the quarter ended March 24, 2012 was offset by a reduction of \$0.3 million included in the net assets of a German subsidiary sold during the first quarter.

Dole or one or more of its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. With few exceptions, Dole is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to 2006.

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

NOTE 5 LONG-TERM RECEIVABLES

At March 24, 2012, Dole's long-term financing receivables consisted of \$14.7 million of grower advances, net of allowances, \$8.3 million of note receivable related to the sale of discontinued operations, \$28 million of notes receivable related to the sale of a German subsidiary and net long-term trade receivables of \$3.3 million. These assets have been included in other assets, in the accompanying condensed consolidated balance sheet as of March 24, 2012.

Dole monitors the collectability of these advances through periodic review of financial information received from these growers. At March 24, 2012, these advances had an allowance for credit losses of \$14.1 million, and approximately \$6 million of the net grower advances were 90 days past due. Dole's historical losses on its long-term grower advances have been immaterial and Dole expects this to continue. During the quarter ended March 24, 2012, the allowance for grower advances increased by \$1.5 million, which related to an increase in the provision that was recorded to cost of products sold.

At March 24, 2012, Dole had an \$8.3 million note receivable and a \$1 million net interest receivable from the buyer of the fresh-cut flowers business. These receivables are secured by properties that have an estimated fair value in excess of the note, which was due in January 2011. Two of the three Colombian companies that have granted mortgages in such properties to secure their guaranties of such note are currently under reorganization pursuant to Colombian Law 1116. Dole is currently renegotiating with the buyer the terms of the note, including the timing of payment and the interest rate. Dole believes that based on its position in the reorganization, that the note will be collected. During the second quarter of 2012, Dole received a cash payment of \$2.9 million from the owner of certain properties formerly owned by the one Colombian company that is not in reorganization. In exchange, Dole released the mortgages on such properties.

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

During the fourth quarter of 2011, Dole entered into an agreement to sell a German subsidiary. The sale was completed during the first quarter of 2012. Net consideration from the sale totaled approximately \$49.6 million. Of this amount, \$20.6 million of cash proceeds, net of cash disposed, was collected and the remaining \$29 million was recorded as notes receivable, which mature on various dates through March 2022. Of the \$29 million notes receivable, \$28 million was recorded as long-term notes receivable, of which \$22.8 million have annual minimum payment requirements based on the financial performance of the business. The remaining note receivable of \$5.2 million is fully secured by property that has an estimated fair value in excess of the note.

Dole has gross long-term trade receivables of \$19.1 million due from a customer in Eastern Europe, for which it is likely that payment will not be received during the next year. Dole has \$15.8 million of allowances for bad debt related to these receivables. The net receivable of \$3.3 million represents management's best estimate of its net realizable value after consideration of collateral securing the receivable.

NOTE 6 INVENTORIES

The major classes of inventories were as follows:

| | March 24, 2012 | December 31, 2011 |
|------------------------------------|-------------------|----------------------|
| | (In thousands) | |
| Finished products | \$ 438,670 | \$ 414,640 |
| Raw materials and work in progress | 153,853 | 131,287 |
| Crop-growing costs | 227,298 | 224,149 |
| Operating supplies and other | 57,210 | 59,441 |
| | \$ 877,031 | \$ 829,517 |

NOTE 7 ASSETS HELD-FOR-SALE AND ACTIVELY MARKETED LAND

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

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

| | Fresh Fruit | Fresh Vegetables | Packaged Foods (In thousands) | Fresh-Cut Flowers Discontinued Operation | Total Assets Held-for-Sale |
|---------------------------------|-------------|---------------------|-------------------------------------|---|-------------------------------|
| Balance as of December 31, 2011 | \$ 66,805 | \$ 599 | \$ 3,214 | \$ 5,023 | \$ 75,641 |
| Additions | 43 | | | | 43 |
| Sales | (51,748) | | | | (51,748) |

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| | | | | | |
|------------------------------|-----------|--------|----------|----------|-----------|
| Balance as of March 24, 2012 | \$ 15,100 | \$ 599 | \$ 3,214 | \$ 5,023 | \$ 23,936 |
|------------------------------|-----------|--------|----------|----------|-----------|

Assets held-for-sale included on Dole s consolidated balance sheet as of March 24, 2012 consisted of property, plant and equipment, net of accumulated depreciation.

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

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

| | Fresh Fruit | Fresh Vegetables | Packaged Foods (In thousands) | Fresh-Cut Flowers Discontinued Operation | Total Liabilities Held-for-Sale |
|---------------------------------|-------------|------------------|----------------------------------|---|------------------------------------|
| Balance as of December 31, 2011 | \$ 49,117 | \$ | \$ | \$ | \$ 49,117 |
| Sales | (49,117) | | | | (49,117) |
| Balance as of March 24, 2012 | \$ | \$ | \$ | \$ | \$ |

Gains on asset sales by segment for the quarters ended March 24, 2012 and March 26, 2011 were as follows:

| | Fresh Fruit | Fresh Vegetables | Packaged Foods (In thousands) | Total from Continuing Operations | Fresh-Cut Flowers Discontinued Operation | Total |
|----------------|-------------|------------------|----------------------------------|-------------------------------------|---|----------|
| March 24, 2012 | \$ 4,203 | \$ | \$ | \$ 4,203 | \$ | \$ 4,203 |
| March 26, 2011 | | | | | | |

Proceeds from asset sales by segment for the quarters ended March 24, 2012 and March 26, 2011 were as follows:

| | Fresh Fruit | Fresh Vegetables | Packaged Foods (In thousands) | Total from Continuing Operations | Fresh-Cut Flowers Discontinued Operation | Total |
|----------------|-------------|------------------|----------------------------------|-------------------------------------|---|-----------|
| March 24, 2012 | \$ 22,442 | \$ | \$ | \$ 22,442 | \$ | \$ 22,442 |
| March 26, 2011 | | | | | | |

Fresh Fruit

During the fourth quarter of 2011, Dole entered into an agreement to sell a German subsidiary which was part of the European ripening and distribution business within the fresh fruit segment. The sale was completed during the first quarter of 2012. Net consideration from the sale totaled approximately \$49.6 million. Of this amount, \$20.6 million of cash proceeds, net of cash disposed, was collected and the remaining \$29 million was recorded as notes receivable, which mature on various dates through March 2022. Dole realized a gain of \$27 million on the sale, of which \$3.2 million was recorded during the first quarter of 2012, and \$23.8 million was deferred, and will be recognized as cash on the notes receivable are collected. In addition, Dole may receive an earn-out up to 10 million euros based on future operating performance of the business.

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Additionally, during the first quarter of 2012, Dole sold 230 acres of land in Hawaii. Dole received net cash proceeds of \$1.8 million and recorded a gain of \$1 million. At March 24, 2012, the asset held-for-sale balance in the fresh fruit reporting segment included approximately 2,050 acres of land in Hawaii.

Packaged Foods

At March 24, 2012, the assets held-for-sale balance in the packaged foods reporting segment consisted of approximately 400 acres of peach orchards located in California.

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

At March 24, 2012, the assets held-for-sale balance in the fresh-cut flowers discontinued operation consisted of a portion of the real estate of the former flowers divisions.

Actively Marketed Land

Included in actively marketed land is land that does not meet Dole's future strategic direction or internal economic return criteria. The land that has been identified is available for sale in its present condition and an active program is underway to sell the properties. Dole is actively marketing these properties at a price that is in excess of book value but the timing of sale is uncertain. At March 24, 2012, actively marketed land consisted of approximately 14,200 acres of Hawaii land in the fresh fruit segment, with a net book value of \$74.8 million.

NOTE 8 GOODWILL AND INTANGIBLE ASSETS

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

| | Fresh Fruit | Fresh Vegetables | Packaged Foods | Total |
|---------------------------------|-----------------------|-------------------------|-----------------------|--------------|
| | (In thousands) | | | |
| Balance as of December 31, 2011 | \$ 272,743 | \$ 83,508 | \$ 60,611 | \$ 416,862 |
| Additions | | | 6,853 | 6,853 |
| Disposals | (11,000) | | | (11,000) |
| Balance as of March 24, 2012 | \$ 261,743 | \$ 83,508 | \$ 67,464 | \$ 412,715 |

During the first quarter of 2012, Dole completed the sale of a German subsidiary in the fresh fruit segment. As a result of the sale, \$11 million of goodwill attributable to this subsidiary was written-off. Refer to Note 7 Assets-Held-For-Sale for further information.

During the first quarter of 2012, Dole completed the acquisition of Mrs. May's Naturals, Inc. (Mrs. May's), a company committed to providing consumers with wholesome snacks for a healthier lifestyle. Mrs. May's is part of the packaged foods segment. Pursuant to the terms of the merger agreement, Dole purchased Mrs. May's for total consideration of approximately \$15 million, plus an annual earn-out between \$0 and \$1 million payable in 2013, 2014 and 2015. The acquisition resulted in goodwill of \$6.9 million. In addition, Dole recorded \$9.3 million of intangible assets consisting of \$7.1 million for customer relationships and \$2.2 million for trade names.

Details of Dole's intangible assets were as follows:

| | March 24, 2012 | December 31, 2011 |
|-----------------------------------|-----------------------|--------------------------|
| | (In thousands) | |
| Amortized intangible assets: | | |
| Customer relationships | \$ 66,601 | \$ 59,501 |
| Other amortized intangible assets | 17,440 | 15,231 |

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| | | |
|---|------------|------------|
| | 84,041 | 74,732 |
| Accumulated amortization customer relationships | (33,150) | (31,755) |
| Other accumulated amortization | (852) | (579) |
| Accumulated amortization intangible assets | (34,002) | (32,334) |
| Amortized intangible assets, net | 50,039 | 42,398 |
| Indefinite-lived intangible assets: | | |
| Trademark and trade names | 689,615 | 689,615 |
| | \$ 739,654 | \$ 732,013 |

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

Amortization expense of intangible assets totaled \$1.7 million and \$0.9 million in the quarters ended March 24, 2012 and March 26, 2011, respectively.

As of March 24, 2012, the estimated amortization expense associated with Dole's intangible assets for the remainder of 2012 and in each of the next four fiscal years is as follows (in thousands):

| Fiscal Year | Amount |
|------------------------------|---------------|
| 2012 (remainder of the year) | \$ 6,692 |
| 2013 | \$ 6,614 |
| 2014 | \$ 5,958 |
| 2015 | \$ 5,958 |
| 2016 | \$ 5,482 |
| Thereafter | \$ 19,335 |

NOTE 9 NOTES PAYABLE AND LONG-TERM DEBT

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

| | March 24, 2012 | December 31, 2011 |
|--|---------------------------|------------------------------|
| | (In thousands) | |
| Unsecured debt: | | |
| 8.75% debentures due 2013 | \$ 155,000 | \$ 155,000 |
| Secured debt: | | |
| 13.875% notes due 2014 | 174,904 | 174,904 |
| 8% notes due 2016 | 315,000 | 315,000 |
| Revolving credit facility | 50,000 | 69,300 |
| Term loan facilities | 895,500 | 895,500 |
| Contracts and notes, at a weighted average interest rate of 4.6% in 2012 (3.8% in 2011) through 2018 | 7,070 | 7,294 |
| Capital lease obligations, at a weighted average interest rate of 2.7% in 2012 (3.0% in 2011) | 59,793 | 57,000 |
| Notes payable, at a weighted average interest rate of 2.3% in 2012 (3.1% in 2011) | 56,438 | 27,969 |
| Unamortized debt discounts | (20,890) | (22,130) |
| | 1,692,815 | 1,679,837 |
| Notes payables and current maturities, net of unamortized debt discounts | (66,982) | (38,725) |
| | \$ 1,625,833 | \$ 1,641,112 |

Notes Payable

Dole borrows funds primarily on a short-term basis to finance current operations. The terms of these borrowings range from one month to six months. Dole's notes payable at March 24, 2012 consist primarily of foreign borrowings in Asia and Latin America.

2011 Refinancing

Dole's senior secured term loan and the asset-based lending senior secured revolving credit facility (ABL revolver) were amended and restated on July 8, 2011 (2011 Refinancing). The amendments reduced

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

borrowing rates on the ABL revolver, with an opportunity to also reduce future borrowing rates on the term loan and eliminated the financial maintenance covenants of total leverage ratio and minimum interest coverage ratio (such covenants had been in the previous term loan facilities, but not the revolving credit facility). The amended credit facilities provide \$895.5 million of term debt due 2018 and a \$350 million revolving credit facility due 2016. During the third quarter of fiscal 2011, Dole incurred debt issuance costs of \$13 million.

Term Loans and Revolving Credit Facility

As of March 24, 2012, the term loan facilities consisted of \$313.4 million of Term Loan B and \$582.1 million of Term Loan C. The term loan facilities bear interest, at Dole's option, at a rate per annum equal to either (i) the London Interbank Offer Rate (LIBOR) plus 3.75%, with a LIBOR floor of 1.25%; or (ii) a base rate plus 2.75%. Interest on the term loan facilities is payable quarterly in arrears or at maturity of LIBOR contracts. The weighted average variable interest rate at March 24, 2012 for Term Loan B and Term Loan C was 5.03%. The term loan facilities require quarterly principal payments, plus a balloon payment due in 2018.

As of March 24, 2012, there was \$50 million outstanding under the asset-based lending senior secured revolving credit facility (ABL revolver). Amounts outstanding under the ABL revolver bear interest, at Dole's option, at a rate per annum equal to either (i) LIBOR plus 1.75% to 2.25%, or (ii) a base rate plus 0.75% to 1.25%, in each case, based upon Dole's historical borrowing availability under this facility. The weighted average variable interest rate at March 24, 2012 for the ABL revolver was 2.70%. As of March 24, 2012, the borrowing base for the ABL revolver was \$321.8 million. After taking into account approximately \$98.4 million of outstanding letters of credit issued under the ABL revolver and the outstanding ABL balance, Dole had approximately \$173.4 million available for borrowings as of March 24, 2012. The ABL revolver matures in 2016.

Covenants

Provisions under the amended senior secured credit facilities and the indentures governing Dole's senior secured notes and debentures require Dole to comply with certain covenants. These covenants include limitations on, among other things, indebtedness, investments, liens, loans to subsidiaries, employees and third parties, the issuance of guarantees and the payment of dividends. The ABL revolver also contains a springing covenant, which would not be effective unless the availability under the ABL revolver were to fall below the greater of (i) \$35 million and (ii) 12.5% of the lesser of the Total Commitment (as defined) and the borrowing base. To date, the springing covenant has never been effective and Dole does not currently anticipate that the springing covenant will become effective. At March 24, 2012, Dole was in compliance with all applicable covenants.

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

Debt Issuance Costs

Debt issuance costs are capitalized and amortized into interest expense over the term of the underlying debt. During the quarters ended March 24, 2012 and March 26, 2011, Dole amortized deferred debt issuance costs of \$1.3 million and \$1.5 million, respectively.

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Debt discounts are amortized into interest expense over the term of the underlying debt. During the quarters ended March 24, 2012 and March 26, 2011, Dole amortized debt discounts of \$1.2 million and \$1.1 million, respectively.

Fair Value of Debt

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

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

| | March 24, 2012 | | December 31, 2011 | |
|--|-----------------|-----------------------|-------------------|-----------------------|
| | Carrying Values | Estimated Fair Values | Carrying Values | Estimated Fair Values |
| | (In thousands) | | | |
| Secured and unsecured notes and debentures | \$ 634,802 | \$ 698,003 | \$ 633,970 | \$ 694,314 |
| Term loans | 884,712 | 898,858 | 884,304 | 888,784 |

Carrying values are net of debt discounts.

NOTE 10 EMPLOYEE BENEFIT PLANS

The components of net periodic benefit cost for Dole's U.S. and international pension plans and other postretirement benefit (OPRB) plans were as follows:

| | U.S. Pension Plans Quarter Ended | | International Pension Plans Quarter Ended | | OPRB Plans Quarter Ended | |
|---|-------------------------------------|-------------------|---|-------------------|-----------------------------|-------------------|
| | March 24, 2012 | March 26, 2011 | March 24, 2012 | March 26, 2011 | March 24, 2012 | March 26, 2011 |
| | (In thousands) | | | | | |
| Service cost | \$ 42 | \$ 43 | \$ 1,809 | \$ 1,452 | \$ 16 | \$ 17 |
| Interest cost | 3,222 | 3,440 | 1,649 | 1,588 | 481 | 482 |
| Expected return on plan assets | (3,529) | (3,779) | (98) | (103) | | |
| Amortization of: | | | | | | |
| Unrecognized net loss (gain) | 1,871 | 1,525 | 399 | 210 | 18 | 15 |
| Unrecognized prior service cost (benefit) | | | 92 | 97 | (814) | (813) |
| Restructuring related settlements | | | | 402 | | |
| | \$ 1,606 | \$ 1,229 | \$ 3,851 | \$ 3,646 | \$ (299) | \$ (299) |

NOTE 11 SEGMENT INFORMATION

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

The fresh fruit reportable operating segment (fresh fruit) primarily sells bananas, fresh pineapple and deciduous fruit, which are sourced from local growers or Company-owned or leased farms located in Latin America and Asia, with significant selling locations in North America, Western Europe and Japan. The Asia component of fresh fruit sells not only fruit, but also sources and grows vegetables for sale primarily in Japan.

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

The fresh vegetables reportable operating segment (fresh vegetables) sells packaged salads and has a line of fresh-packed products that includes iceberg and romaine lettuce, celery, and fresh berries including strawberries and blueberries. Substantially all of the sales for fresh vegetables are generated in North America.

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

The packaged foods reportable operating segment (packaged foods) sells and distributes packaged fruit and frozen fruit products in North America, Europe and Asia, with North America as the primary market. The largest component of packaged foods sales are FRUITBOWLS®, canned pineapple and pineapple juice.

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

Revenues from external customers for the reportable operating segments and corporate were as follows:

| | Quarter Ended | |
|------------------|-------------------|-------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Fresh fruit | \$ 1,123,655 | \$ 1,190,970 |
| Fresh vegetables | 235,921 | 230,210 |
| Packaged foods | 266,937 | 264,780 |
| Corporate | 97 | 144 |
| | \$ 1,626,610 | \$ 1,686,104 |

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

EBIT for the reportable operating segments and corporate were as follows:

| | Quarter Ended | |
|---|-------------------|-------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Fresh fruit EBIT | \$ 37,483 | \$ 65,832 |
| Fresh vegetables EBIT | 7,034 | 12,267 |
| Packaged foods EBIT | 16,259 | 12,180 |
| | | |
| Total operating segments EBIT | 60,776 | 90,279 |
| Corporate: | | |
| Unrealized loss on cross currency swap | | (3,787) |
| Unrealized gain (loss) on long-term Japanese yen hedges | 944 | (27,405) |
| Net unrealized loss on foreign denominated instruments | 3,645 | (5,920) |
| Share-based compensation | (1,721) | (1,214) |
| Operating and other expenses | (11,773) | (9,500) |
| | | |
| Corporate | (8,905) | (47,826) |
| Interest expense | (30,836) | (35,470) |
| Income taxes | (3,858) | (5,140) |
| | | |
| Income from continuing operations | 17,177 | 1,843 |
| Income (loss) from discontinued operations, net of income taxes | (33) | 202 |
| | | |
| Net income | \$ 17,144 | \$ 2,045 |

Dole's equity earnings from equity method investments, which have been included in EBIT in the table above, relate primarily to the fresh fruit operating segment. Refer to Note 16 – Equity Method Investments for additional information.

Total assets for the three reportable operating segments, corporate and fresh-cut flowers were as follows:

| | March 24, 2012 | December 31, 2011 |
|--|-------------------|----------------------|
| | (In thousands) | |
| Fresh fruit | \$ 2,151,015 | \$ 2,129,910 |
| Fresh vegetables | 502,008 | 487,840 |
| Packaged foods | 786,289 | 743,447 |
| | | |
| Total operating segments | 3,439,312 | 3,361,197 |
| Corporate | 884,328 | 903,851 |
| Fresh-cut flowers – discontinued operation | 5,023 | 5,023 |

\$ 4,328,663

\$ 4,270,071

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

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

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Cash Flow Hedges

A majority of Dole's foreign currency derivative instruments are designated as cash flow hedges. Specifically, Dole designated a majority of its foreign currency exchange forward contracts as cash flow hedges of its forecasted revenue and operating expense transactions. As a result, changes in fair value of the foreign currency derivative instruments since hedge designation, to the extent effective, are recorded as a component of accumulated other comprehensive income (loss) (AOCI) in the accompanying condensed consolidated balance sheet and are reclassified into earnings in the same period the underlying transactions affect earnings. Any portion of a cash flow hedge deemed ineffective is recognized into current period earnings.

Interest Rate Swap, Cross Currency Swap and Long-term Japanese Yen Hedges

Dole entered into an interest rate swap in 2006 to hedge future changes in interest rates. This agreement effectively converted \$320 million of borrowings under Term Loan C, which was variable-rate debt, to a fixed-rate basis that matured June 16, 2011.

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

During 2006 (subsequently amended in 2009), Dole executed a cross currency swap to synthetically convert \$320 million of Term Loan C into Japanese yen denominated debt in order to effectively lower the U.S. dollar fixed interest rate. The cross currency swap was scheduled to mature in June 2011. During 2009, Dole entered into a collateral arrangement which required Dole to provide collateral to its counterparties when the fair market value of the cross currency and interest rate swaps exceeded a combined liability of \$35 million.

During the first quarter of 2011, Dole entered into a transaction to effectively unwind the cross currency swap by refinancing its obligation under the cross currency swap and entering into a series of long-term Japanese yen hedges that mature through December 2014. As a result of the unwind of the cross currency swap, the collateral arrangement with the counterparties was no longer required. The long-term Japanese yen hedges require Dole to buy U.S. dollars and sell Japanese yen at an exchange rate of ¥101.3. At inception, these contracts were in a liability position and the total notional amount outstanding of the long-term Japanese yen hedges was \$596.3 million. At March 24, 2012 the total notional amount outstanding of the long-term Japanese yen hedges was \$549.8 million. The value of these contracts will fluctuate based on changes in the exchange rate over the life of the individual forward contracts.

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

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

At March 24, 2012, the gross notional value of Dole's derivative instruments were as follows:

| | Average Strike Price (In thousands, except average strike price) | Notional Amount |
|--|---|--------------------|
| Derivatives designated as cash flow hedging instruments: | | |
| Foreign currency hedges (buy/sell): | | |
| U.S. dollar/Japanese yen | JPY 101.02/\$ | \$ 556,127 |
| Thai baht/U.S. dollar | THB 30.94/\$ | 148,282 |
| U.S. dollar/Euro | \$ 1.38/ | 111,595 |
| Philippine peso/U.S. dollar | PHP 42.57/\$ | 69,861 |
| Chilean peso/U.S. dollar | CLP 503.10/\$ | 14,506 |
| Derivatives not designated as hedging instruments: | | |
| Foreign currency hedges (buy/sell): | | |
| U.S. dollar/Swedish krona | SEK 6.73/\$ | 3,169 |
| South African rand/Euro | ZAR 11.21/ | 2,215 |
| British pound sterling /U.S. dollar | \$ 1.55/£ | 1,602 |
| South African rand/U.S. dollar | ZAR 8.21/\$ | 900 |
| South African rand/ British pound sterling | ZAR 12.84/£ | 525 |
| Bunker fuel hedges | \$562/mt | 23,333mt |

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

| | Balance Sheet | | |
|---|-----------------------------|-------------------|----------------------|
| | Classification | March 24, 2012 | December 31, 2011 |
| (In thousands) | | | |
| <i>Assets:</i> | | | |
| Foreign currency exchange contracts | Receivables, net | \$ 4,863 | \$ 5,427 |
| | | 4,863 | 5,427 |
| <i>Liabilities:</i> | | | |
| Foreign currency exchange contracts | Accrued liabilities | (45,462) | (70,730) |
| | Other long-term liabilities | (83,801) | (123,304) |
| | | (129,263) | (194,034) |
| Total derivatives designated as cash flow hedging instruments | | \$ (124,400) | \$ (188,607) |

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

| | Balance Sheet Classification | March 24, 2012 | December 31, 2011 |
|---|---------------------------------|-------------------|----------------------|
| (In thousands) | | | |
| <i>Assets:</i> | | | |
| Foreign currency exchange contracts | Receivables, net | \$ 403 | \$ 205 |
| Bunker fuel hedges | Receivables, net | 2,613 | 1,563 |
| Total derivatives not designated as hedging instruments | | \$ 3,016 | \$ 1,768 |

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

The effects of the interest rate swap and foreign currency hedges designated as cash flow hedging instruments on accumulated other comprehensive income (loss) and the condensed consolidated statements of operations for the quarters ended March 24, 2012 and March 26, 2011 were as follows:

| | Gains (Losses) Recognized in | | Income Statement Classification | Gains (Losses) reclassified | | Gains (Losses) Recognized in | |
|-----------------------------|---------------------------------|-------------------|------------------------------------|-------------------------------------|-------------------|---------------------------------|---|
| | AOCI During Quarter Ended | | | Into Income During Quarter Ended | | Income | due to Hedge Ineffectiveness or Amounts Excluded from |
| | March 24, 2012 | March 26, 2011 | | March 24, 2012 | March 26, 2011 | March 24, 2012 | March 26, 2011 |
| | (In thousands) | | | | | | |
| Interest rate swap | \$ | \$ | Interest expense | \$ | \$ 3,459 | \$ | \$ |
| Foreign currency hedges (1) | 54,408 | (1,661) | Cost of products sold | (2,816) | 1,215 | 957 | 957 |
| | | | Other income (expense), net | | | 944 | (682) |

(1) Amounts related to the long-term Japanese yen hedges have been included in this line item. Unrealized gains and losses on the interest rate swap were recorded through AOCI through the de-designation date. Amounts included in AOCI as of the de-designation date were being amortized into interest expense as the quarterly payments were made through maturity of the interest rate swap in June 2011. Net unrecognized gains of \$8.2 million related to the foreign currency hedges are expected to be realized into earnings in the next twelve months.

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

Net gains (losses) on derivatives not designated as hedging instruments, or prior to being designated as hedging instruments for the quarters ended March 24, 2012 and March 26, 2011, were as follows:

| | Classification in | March 24, | March 26, |
|-------------------------------------|-----------------------------|-----------|-------------|
| | Statement of Operations | 2012 | 2011 |
| (In thousands) | | | |
| Foreign currency exchange contracts | Cost of products sold | \$ 171 | \$ (253) |
| Bunker fuel contracts | Cost of products sold | 1,535 | 2,573 |
| Foreign currency exchange contracts | Other income (expense), net | 41 | |
| Long-term Japanese yen hedges | Other income (expense), net | | (26,723) |
| Cross currency swap | Other income (expense), net | | (1,902) |
| Interest rate swap | Interest expense | | (8,053) |
| | | \$ 1,747 | \$ (34,358) |

NOTE 13 FAIR VALUE MEASUREMENTS

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

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following table provides a summary of the assets and liabilities measured at fair value on a recurring basis:

| | Fair Value Measurements Using Significant Other Observable Inputs (Level 2) | |
|-------------------------------------|--|----------------------|
| | March 24, 2012 | December 31, 2011 |
| (In thousands) | | |
| <i>Assets:</i> | | |
| Foreign currency exchange contracts | \$ 5,266 | \$ 5,632 |
| Bunker fuel contracts | 2,613 | 1,563 |

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\$ 7,879 \$ 7,195

Liabilities:

| | | |
|-------------------------------------|--------------|--------------|
| Foreign currency exchange contracts | \$ (129,263) | \$ (194,034) |
|-------------------------------------|--------------|--------------|

For Dole, the assets and liabilities that are required to be recorded at fair value on a recurring basis are the derivative instruments. The fair values of Dole's derivative instruments are determined using Level 2 inputs, which are defined as significant other observable inputs. The fair values of the foreign currency exchange

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

contracts and bunker fuel contracts were estimated using internal discounted cash flow calculations based upon forward foreign currency exchange rates, bunker fuel futures, interest-rate yield curves or quotes obtained from brokers for contracts with similar terms less any credit valuation adjustments. Dole recorded a credit valuation adjustment at March 24, 2012 which reduced the derivative liability balances. The credit valuation adjustment was \$3.6 million at March 24, 2012 and \$10.5 million at December 31, 2011. For the quarter ended March 24, 2012, the net change in credit valuation adjustment resulted in an unrealized loss of \$5 million, which was recorded as other income (expense), net. In addition a \$1.9 million unrealized loss was recorded in AOCI. For the quarter ended March 26, 2011, the net change in credit valuation adjustment resulted in an unrealized gain of \$7.8 million which was recorded as other income (expense), net in the accompanying condensed consolidated statements of operations.

The fair value of goodwill and the intangible assets recorded in connection with the acquisition of Mrs. May's was determined using discounted cash flow models based on an internal estimate of future cash flows based on unobservable inputs, and as such, are considered to be Level 3 non-recurring fair values within the fair value hierarchy.

In addition to assets and liabilities that are recorded at fair value on a recurring basis, Dole is required to record assets and liabilities at fair value on a nonrecurring basis. Nonfinancial assets such as goodwill, indefinite-lived intangible assets and long-lived assets are measured on an annual basis during the second quarter, or as indicators of impairment arise, and recorded at fair value only when an impairment is recognized.

Credit Risk

The counterparties to the foreign currency and bunker fuel forward contracts and the interest rate and cross currency swaps consist of a number of major international financial institutions. Dole has established counterparty guidelines and regularly monitors its positions and the financial strength of these institutions. While counterparties to hedging contracts expose Dole to credit-related losses in the event of a counterparty's non-performance, the risk would be limited to the unrealized gains on such affected contracts. Dole does not anticipate any such losses.

NOTE 14 CONTINGENCIES

Dole is a guarantor of indebtedness of some of its key fruit suppliers and other entities integral to Dole's operations. At March 24, 2012, guarantees of \$2.5 million consisted primarily of amounts advanced under third-party bank agreements to independent growers that supply Dole with product. In addition, Dole had restricted cash on deposit at March 24, 2012 of \$5.6 million securing the indebtedness of several fruit suppliers. Dole has not historically experienced significant losses associated with these guarantees.

Dole issues letters of credit and bank guarantees through its ABL revolver and, in addition, separately through major banking institutions. Dole also provides bonds issued by insurance companies. These letters of credit, bank guarantees and insurance company bonds are required by certain regulatory authorities, suppliers and other operating agreements. As of March 24, 2012, total letters of credit, bank guarantees and bonds outstanding under these arrangements were \$184.8 million.

Dole also provides various guarantees, mostly to foreign banks, in the course of its normal business operations to support the borrowings, leases and other obligations of its subsidiaries. Dole guaranteed \$133.5 million of its subsidiaries' obligations to their suppliers and other third parties as of March 24, 2012.

Dole has change of control agreements with certain key executives, under which severance payments and benefits would become payable in the event of specified terminations of employment in connection with a change of control (as defined) of Dole.

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

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

Currently there are 230 lawsuits, in various stages of proceedings, alleging injury as a result of exposure to DBCP or seeking enforcement of Nicaragua judgments. In addition, there are 45 labor cases pending in Costa Rica under that country's national insurance program.

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

Of the 193 lawsuits not included in the Provost & Umphrey settlement, 16 are currently pending in various jurisdictions in the United States. One case in Los Angeles Superior Court, the last remaining lawsuit brought in the United States by Nicaraguan plaintiffs, was dismissed after the Court found that the plaintiffs and their representatives engaged in blatant fraud, witness tampering and active manipulation. On March 11, 2011, the Court issued a final Statement of Decision, followed on March 31, 2011 by a Judgment, that vacates the prior

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

judgment and dismisses all plaintiffs' claims with prejudice. Plaintiffs filed a notice of appeal of that judgment on May 6, 2011, and briefing is expected to be completed in the third quarter of 2012.

The remaining lawsuits are pending in Latin America and the Philippines. Claimed damages in DBCP cases worldwide total approximately \$45 billion (\$36 billion not counting lawsuits included in the Provost & Umphrey settlement), with lawsuits in Nicaragua representing approximately 87% of this amount. Typically in these cases, Dole is a joint defendant with the major DBCP manufacturers. Except as described below, none of these lawsuits has resulted in a verdict or judgment against Dole.

In Nicaragua, 196 cases are currently filed (of which 34 are active) in various courts throughout the country (163 cases not counting lawsuits included in the Provost & Umphrey settlement), all but three of which were brought pursuant to Law 364 (including one new case that was served on November 21, 2011), an October 2000 Nicaraguan statute that contains substantive and procedural provisions that Nicaragua's Attorney General formally opined are unconstitutional. In October 2003, the Supreme Court of Nicaragua issued an advisory opinion, not connected with any litigation, that Law 364 is constitutional. Thirty-two cases have resulted in judgments in Nicaragua (25 cases not counting lawsuits included in the Provost & Umphrey settlement): \$489.4 million (nine cases consolidated with 465 claimants) on December 11, 2002; \$82.9 million (one case with 58 claimants) on February 25, 2004; \$15.7 million (one case with 20 claimants) on May 25, 2004; \$4 million (one case with four claimants) on May 25, 2004; \$56.5 million (one case with 72 claimants) on June 14, 2004; \$64.8 million (one case with 85 claimants) on June 15, 2004; \$27.7 million (one case with 36 claimants) on March 17, 2005; \$46.4 million (one case with 62 claimants) on August 20, 2005; \$38.4 million (one case with 192 claimants) on November 14, 2007; and \$357.7 million (eight cases with 417 claimants) on January 12, 2009, which Dole learned of unofficially. Except for the latest one, Dole has appealed all judgments. Dole will appeal the \$357.7 million judgment once it has been served. The two judgments that resulted from seven of the cases filed by Provost & Umphrey, the \$809 million judgment dated December 1, 2006 (six cases consolidated with 1,248 claimants) and the \$98.5 million judgment dated August 8, 2005 (one case with 150 claimants), are included in the settlement.

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

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

On October 23, 2006, Dole announced that its subsidiary, Standard Fruit de Honduras, S.A., reached an agreement with the Government of Honduras and representatives of Honduran banana workers. This agreement establishes a Worker Program that is intended by the parties to resolve in a fair and equitable manner the claims of male banana workers alleging sterility as a result of exposure to DBCP. The Honduran Worker Program will not have a material effect on Dole's financial position or results of operations. The official start of the Honduran Worker Program was announced on January 8, 2007. On August 15, 2007, Shell Oil Company was included in the Worker Program.

As to all the DBCP matters, Dole has denied liability and asserted substantial defenses. Although no assurance can be given concerning the outcome of the DBCP cases, in the opinion of management, after

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

consultation with legal counsel and based on past experience defending and settling DBCP claims, the pending lawsuits are not expected to have a material adverse effect on Dole's financial position or results of operations.

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

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

Dole received the Decision on October 21, 2008 and appealed the Decision to the European General Court in Luxembourg on December 24, 2008. Oral argument on the appeal was held on January 25, 2012.

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

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

Honduran Tax Case: In 2005, Dole received a tax assessment from Honduras of approximately \$137 million (including the claimed tax, penalty, and interest through the date of assessment) relating to the disposition of all of Dole's interest in Cervecería Hondureña, S.A in 2001. Dole believes the assessment is without merit and filed an appeal with the Honduran tax authorities, which was denied. As a result of the denial in the administrative process, in order to negate the tax assessment, on August 5, 2005, Dole proceeded to the next stage of the appellate process by filing a lawsuit against the Honduran government in the Honduran Administrative Tax Trial Court. The Honduran government sought dismissal of the lawsuit and attachment of assets, which Dole challenged. The Honduran Supreme Court affirmed the decision of the Honduran intermediate appellate court that a statutory prerequisite to challenging the tax assessment on the merits is the payment of the tax assessment or the filing of a payment plan with the Honduran courts; Dole has challenged the constitutionality of the statute requiring such payment or payment plan. Dole and the Honduran government have had discussions regarding possible ways to resolve pending lawsuits and tax-related matters. Although no assurance can be given concerning the outcome of this case, in the opinion of management, after consultation with legal counsel, the pending lawsuits and tax-related matters are not expected to have a material adverse effect on Dole's financial position or results of operations.

Former Shell Site: Shell Oil Company and Dole were sued in several cases filed in Los Angeles Superior Court, beginning in 2009, alleging property damage and personal injury by persons claiming to be current or former residents in the area of a housing development built in the 1960s by a predecessor of what is now a Dole subsidiary, on land that had been owned and used by Shell as a crude oil storage facility for 40 years prior to the housing development. On April 20, 2011, the Court dismissed the case with prejudice, including all claims against Dole. On August 11, 2011, the Court overturned its dismissal in response to plaintiffs' motion for reconsideration and permitted the filing of a second amended complaint by plaintiffs. The defendants filed motions to dismiss plaintiffs' second amended complaint, which have been denied, except that Shell's motions

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were granted to dismiss certain property damage claims and certain claims based on the allegation that Shell had engaged in ultrahazardous activity. The California Regional Water Quality Control Board is supervising the cleanup on the former Shell site. On March 11, 2011, the Water Board issued a Cleanup and Abatement Order naming Shell as the Discharger and a Responsible Party, and ordering Shell to assess, monitor, and cleanup and abate the effects of contaminants discharged to soil and groundwater at the site. On April 22, 2011, the Water Board sent Dole a letter requiring Dole to supply information concerning ownership, development and activities of the former Shell site, which Dole did on September 15, 2011.

NOTE 15 EARNINGS PER SHARE

| | Quarter Ended | |
|--|--|-------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands, except per share data) | |
| Income from continuing operations | \$ 17,177 | \$ 1,843 |
| Income (loss) from discontinued operations, net of income taxes | (33) | 202 |
| Less: Net income attributable to noncontrolling interests | (777) | (1,005) |
| Net income attributable to shareholders of Dole Food Company, Inc. | \$ 16,367 | \$ 1,040 |
| Weighted average common shares outstanding Basic | 87,760 | 87,572 |
| Diluted effects of stock incentive plan | 476 | 520 |
| Weighted average common shares outstanding Diluted | 88,236 | 88,092 |
| Earnings Per Share Basic and Diluted | | |
| Income from continuing operations | \$ 0.20 | \$ 0.02 |
| Income from discontinued operations, net of income taxes | | |
| Less: Net income attributable to noncontrolling interests | (0.01) | (0.01) |
| Net income attributable to shareholders of Dole Food Company, Inc. | \$ 0.19 | \$ 0.01 |

NOTE 16 EQUITY METHOD INVESTMENTS

Dole owns 40% of the outstanding common stock of Compagnie Financière de Participations (CF). This is Dole's principal equity method investment that constitutes approximately 74% of Dole's equity method investment balance at March 24, 2012.

The table below presents summarized financial information for CF (at 100%):

| Quarter Ended | |
|-------------------|-------------------|
| March 24, 2012 | March 26, 2011 |

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| | (In thousands) | |
|------------------|----------------|------------|
| Revenues, net | \$ 159,872 | \$ 133,937 |
| Gross margin | 69,065 | 66,661 |
| Operating income | 3,172 | 3,809 |
| Net income | 2,317 | 2,351 |

NOTE 17 GUARANTOR FINANCIAL INFORMATION

Dole's 100% owned domestic subsidiaries (Guarantors) have fully and unconditionally guaranteed, on a joint and several basis, Dole's obligations under the indentures related to the 2013 Debentures, the 2014 Notes and the 2016 Notes. Each guarantee is subordinated in right of payment to the Guarantors' existing and future

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senior debt, including obligations under the senior secured credit facilities, and will rank pari passu with all senior subordinated indebtedness of the applicable Guarantor.

The accompanying Guarantor consolidating financial information is presented on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for Dole's share in the subsidiaries' cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate to the elimination of investments in subsidiaries and associated intercompany balances and transactions as well as cash overdraft and income tax reclassifications.

The following are condensed consolidating statements of operations of Dole for the quarters ended March 24, 2012 and March 26, 2011; condensed consolidating balance sheets as of March 24, 2012 and December 31, 2011 and condensed consolidating statements of cash flows for the quarters ended March 24, 2012 and March 26, 2011.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS**For the Quarter Ended March 24, 2012**

| | Dole Food Company, Inc. | Guarantors | Non Guarantors (In thousands) | Eliminations | Total |
|---|--|-------------------|--|---------------------|--------------|
| Revenues, net | \$ 21,615 | \$ 724,859 | \$ 1,205,073 | \$ (324,937) | \$ 1,626,610 |
| Cost of products sold | (16,841) | (641,343) | (1,119,341) | 321,766 | (1,455,759) |
| Gross margin | 4,774 | 83,516 | 85,732 | (3,171) | 170,851 |
| Selling, marketing and general and administrative expenses | (14,500) | (58,584) | (57,399) | 3,171 | (127,312) |
| Charges for restructuring | | | (1,331) | | (1,331) |
| Gain on sale of assets | 962 | | 3,241 | | 4,203 |
| Operating income (loss) | (8,764) | 24,932 | 30,243 | | 46,411 |
| Equity in subsidiary income | 39,640 | 18,092 | | (57,732) | |
| Other income (expense), net | | | 3,008 | | 3,008 |
| Interest income | 19 | 75 | 755 | | 849 |
| Interest expense | (22,290) | (34) | (8,512) | | (30,836) |
| Income from continuing operations before income taxes and equity earnings | 8,605 | 43,065 | 25,494 | (57,732) | 19,432 |
| Income taxes | 7,753 | (4,344) | (7,267) | | (3,858) |
| Earnings from equity method investments | 9 | 150 | 1,444 | | 1,603 |
| Income from continuing operations, net of income taxes | 16,367 | 38,871 | 19,671 | (57,732) | 17,177 |
| Loss from discontinued operations, net of income taxes | | | (33) | | (33) |

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| | | | | | |
|--|-----------|-----------|-----------|-------------|-----------|
| Net income | 16,367 | 38,871 | 19,638 | (57,732) | 17,144 |
| Less: Net income attributable to noncontrolling interests | | | (777) | | (777) |
| Net income attributable to shareholders of Dole Food Company, Inc. | \$ 16,367 | \$ 38,871 | \$ 18,861 | \$ (57,732) | \$ 16,367 |

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| | Dole Food Company, Inc. | Guarantors | Non Guarantors (In thousands) | Eliminations | Total |
|--|--|-------------------|--|---------------------|--------------|
| Revenues, net | \$ 22,192 | \$ 761,885 | \$ 1,270,787 | \$ (368,760) | \$ 1,686,104 |
| Cost of products sold | (17,638) | (672,957) | (1,154,240) | 365,492 | (1,479,343) |
| Gross margin | 4,554 | 88,928 | 116,547 | (3,268) | 206,761 |
| Selling, marketing and general and administrative expenses | (12,843) | (60,248) | (54,907) | 3,268 | (124,730) |
| Charges for restructuring | | | (2,755) | | (2,755) |
| Operating income (loss) | (8,289) | 28,680 | 58,885 | | 79,276 |
| Equity in subsidiary income | 29,540 | 4,463 | | (34,003) | |
| Other income (expense), net | | | (39,351) | | (39,351) |
| Interest income | 250 | 247 | 821 | | 1,318 |
| Interest expense | (22,796) | (22) | (12,652) | | (35,470) |
| Income (loss) from continuing operations before income taxes and equity earnings | (1,295) | 33,368 | 7,703 | (34,003) | 5,773 |
| Income taxes | 2,335 | (4,427) | (3,048) | | (5,140) |
| Earnings from equity method investments | | 225 | 985 | | 1,210 |
| Income from continuing operations, net of income taxes | 1,040 | 29,166 | 5,640 | (34,003) | 1,843 |
| Income from discontinued operations, net of income taxes | | | 202 | | 202 |
| Net income | 1,040 | 29,166 | 5,842 | (34,003) | 2,045 |
| Less: Net income attributable to noncontrolling interests | | | (1,005) | | (1,005) |
| Net income attributable to shareholders of Dole Food Company, Inc. | \$ 1,040 | \$ 29,166 | \$ 4,837 | \$ (34,003) | \$ 1,040 |

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| | Dole Food Company, Inc. | Guarantors | Non Guarantors (In thousands) | Eliminations | Total |
|---|------------------------------------|---------------------|--|-----------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 12,328 | \$ 1,681 | \$ 91,727 | \$ | \$ 105,736 |
| Restricted cash | | | 6,178 | | 6,178 |
| Receivables, net of allowances | 116,952 | 132,485 | 489,345 | | 738,782 |
| Inventories | 7,977 | 300,835 | 568,219 | | 877,031 |
| Prepaid expenses and other assets | 6,868 | 10,556 | 46,836 | | 64,260 |
| Deferred income tax assets | | 21,710 | 8,856 | (4,515) | 26,051 |
| Assets held-for-sale | 12,479 | 3,813 | 7,644 | | 23,936 |
| Total current assets | 156,604 | 471,080 | 1,218,805 | (4,515) | 1,841,974 |
| Investments | 2,601,399 | 1,920,067 | 102,539 | (4,522,467) | 101,538 |
| Actively marketed land | 74,814 | | | | 74,814 |
| Property, plant and equipment, net | 134,856 | 268,429 | 497,460 | | 900,745 |
| Goodwill | | 131,818 | 280,897 | | 412,715 |
| Intangible assets, net | 689,615 | 6,476 | 43,563 | | 739,654 |
| Other assets, net | 66,985 | 16,029 | 181,033 | (6,824) | 257,223 |
| Total assets | \$ 3,724,273 | \$ 2,813,899 | \$ 2,324,297 | \$ (4,533,806) | \$ 4,328,663 |
| LIABILITIES AND EQUITY | | | | | |
| Accounts payable | \$ 5,505 | \$ 153,874 | \$ 341,924 | \$ | \$ 501,303 |
| Accrued liabilities | 60,983 | 173,813 | 291,206 | (4,515) | 521,487 |
| Current portion of long-term debt, net | (1,075) | 326 | 11,293 | | 10,544 |
| Notes payable | | | 56,438 | | 56,438 |
| Total current liabilities | 65,413 | 328,013 | 700,861 | (4,515) | 1,089,772 |
| Intercompany payables (receivables) | 1,339,283 | (135,082) | (1,204,201) | | |
| Long-term debt, net | 995,793 | 2,518 | 627,522 | | 1,625,833 |
| Deferred income tax liabilities | 153,791 | | 38,022 | (6,824) | 184,989 |
| Other long-term liabilities | 297,934 | 22,629 | 209,080 | | 529,643 |
| Equity attributable to shareholders of Dole Food Company, Inc. | 872,059 | 2,595,821 | 1,926,646 | (4,522,467) | 872,059 |
| Equity attributable to noncontrolling interests | | | 26,367 | | 26,367 |
| Total equity | 872,059 | 2,595,821 | 1,953,013 | (4,522,467) | 898,426 |
| Total liabilities and equity | \$ 3,724,273 | \$ 2,813,899 | \$ 2,324,297 | \$ (4,533,806) | \$ 4,328,663 |

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****CONDENSED CONSOLIDATING BALANCE SHEET****As of December 31, 2011**

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

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| | | | | | |
|------------------------------|--------------|--------------|--------------|----------------|--------------|
| Total liabilities and equity | \$ 3,601,311 | \$ 2,722,793 | \$ 2,275,146 | \$ (4,329,179) | \$ 4,270,071 |
|------------------------------|--------------|--------------|--------------|----------------|--------------|

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS****For the Quarter Ended March 24, 2012**

| | Dole Food Company, Inc. | Guarantors | Non Guarantors (In thousands) | Eliminations | Total |
|--|------------------------------------|-------------------|--|---------------------|--------------|
| OPERATING ACTIVITIES | | | | | |
| Intercompany dividend income | \$ 2,000 | \$ | \$ | \$ (2,000) | \$ |
| Operating activities | 14,838 | 22,865 | (51,984) | | (14,281) |
| Cash flow provided by (used in) operating activities | 16,838 | 22,865 | (51,984) | (2,000) | (14,281) |
| INVESTING ACTIVITIES | | | | | |
| Cash received from sales of assets and businesses, net of cash disposed | 1,854 | 62 | 19,963 | | 21,879 |
| Business acquisitions, net of cash acquired | | (14,474) | | | (14,474) |
| Capital expenditures | (213) | (5,643) | (8,140) | | (13,996) |
| Restricted cash | | | 52 | | 52 |
| Other | (430) | | | | (430) |
| Cash flow provided by (used in) investing activities | 1,211 | (20,055) | 11,875 | | (6,969) |
| FINANCING ACTIVITIES | | | | | |
| Short-term debt borrowing (repayments), net | 21 | (3,134) | 33,907 | | 30,794 |
| Long-term debt borrowings | 296,200 | 270 | 2,366 | | 298,836 |
| Long-term debt repayments | (315,500) | (78) | (1,395) | | (316,973) |
| Dividends paid to noncontrolling interests | | | (180) | | (180) |
| Intercompany dividends | | | (2,000) | 2,000 | |
| Settlement on long-term Japanese yen hedge forwards | | | (8,687) | | (8,687) |
| Cash flow provided by (used in) financing activities | (19,279) | (2,942) | 24,011 | 2,000 | 3,790 |
| Effect of foreign currency exchange rate changes on cash | | | 848 | | 848 |
| Decrease in cash and cash equivalents | (1,230) | (132) | (15,250) | | (16,612) |
| Cash and cash equivalents at beginning of period | 13,558 | 1,813 | 106,977 | | 122,348 |
| Cash and cash equivalents at end of period | \$ 12,328 | \$ 1,681 | \$ 91,727 | \$ | \$ 105,736 |

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS****For the Quarter Ended March 26, 2011**

| | Dole Food Company, Inc. | Guarantors | Non Guarantors (In thousands) | Eliminations | Total |
|--|------------------------------------|-------------------|--|---------------------|--------------|
| OPERATING ACTIVITIES | | | | | |
| Cash flow provided by (used in) operating activities | \$ (26,827) | \$ 7,400 | \$ (27,456) | \$ | \$ (46,883) |
| INVESTING ACTIVITIES | | | | | |
| Cash received from sales of assets and businesses, net of cash disposed | | 863 | 1,734 | | 2,597 |
| Capital expenditures | (30) | (10,316) | (6,914) | | (17,260) |
| Restricted cash and deposits | | | 39,773 | | 39,773 |
| Other | (250) | | | | (250) |
| Cash flow provided by (used in) investing activities | (280) | (9,453) | 34,593 | | 24,860 |
| FINANCING ACTIVITIES | | | | | |
| Short-term debt borrowing (repayments), net | 742 | 1,847 | (9,346) | | (6,757) |
| Long-term debt borrowings | 138,200 | | 21 | | 138,221 |
| Long-term debt repayments | (138,200) | (71) | (695) | | (138,966) |
| Dividends paid to noncontrolling interests | | | (180) | | (180) |
| Cash flow provided by (used in) financing activities | 742 | 1,776 | (10,200) | | (7,682) |
| Effect of foreign currency exchange rate changes on cash | | | 2,136 | | 2,136 |
| Decrease in cash and cash equivalents | (26,365) | (277) | (927) | | (27,569) |
| Cash and cash equivalents at beginning of period | 39,080 | 2,714 | 128,353 | | 170,147 |
| Cash and cash equivalents at end of period | \$ 12,715 | \$ 2,437 | \$ 127,426 | \$ | \$ 142,578 |

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**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

This Management's Discussion and Analysis contains forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements, which are based on management's assumptions and describe Dole's future plans, strategies and expectations, are generally identifiable by the use of terms such as anticipate, will, expect, believe, should or similar expressions. The potential risks and uncertainties that could cause Dole's actual results to differ materially from those expressed or implied herein are set forth in Item 1A and Item 7A of Dole's Annual Report on Form 10-K for the year ended December 31, 2011 and include: weather-related phenomena; market responses to industry volume pressures; product and raw materials supplies and pricing; changes in interest and currency exchange rates; economic crises; quotas, tariffs and other governmental actions; and international conflict.

Overview

Significant highlights for Dole Food Company, Inc. and its consolidated subsidiaries (Dole) for the quarter ended March 24, 2012 were as follows:

Net revenues for the first quarter of 2012 were \$1.6 billion, a decrease of 4% from the first quarter of 2011. Excluding the sales from our Dole Spain ripening and distribution subsidiary, which was sold in the fourth quarter of 2011, sales decreased 1%.

Operating income for the first quarter of 2012 was \$46.4 million compared to \$79.3 million in the first quarter of 2011. Earnings decreased in our fresh fruit and fresh vegetables segments, partially offset by improved results from our packaged foods segment.

Fresh fruit operating income decreased primarily as a result of lower banana earnings in North America and Europe, partially offset by higher earnings in the Asia banana operations. Lower pricing in North America and higher fruit costs from our Latin America sourcing operations were the main drivers of the lower banana performance.

Fresh vegetables operating income decreased primarily due to lower pricing for fresh-packed vegetables partially offset by higher earnings of packaged salads and fresh berries due to lower product costs.

Packaged foods operating income increased due to improved pricing worldwide and lower levels of marketing expenditures in North America partially offset by higher worldwide product costs.

Dole's 2011 restructuring plan in the fresh fruit segment in Europe, Latin America and Asia remains on track. Full year net cash savings for fiscal 2012 are estimated at \$24 million, of which \$4 million has already been realized in the first quarter of 2012. The 2011 restructuring initiatives are not expected to have a significant impact on fiscal 2012 revenues. Although first quarter 2012 cost of products sold benefitted from our shipping and farming restructuring initiatives, higher purchased fruit costs from Latin America growers more than offset the benefits derived from the initiatives. The remaining \$20 million of estimated net cash savings are expected to be realized in the remaining three quarters of fiscal 2012. Approximately \$19 million of these savings are expected to offset cost of products sold and \$1 million to offset selling, marketing and general and administrative expenses.

During the first quarter of 2012, Dole completed the sale of a non-core subsidiary in Germany (German subsidiary) which was part of the European ripening and distribution business within the fresh fruit segment. Net consideration from the sale totaled approximately \$49.6 million. Of this amount, \$20.6 million of cash proceeds, net of cash disposed, was collected and the remaining \$29 million was recorded as notes receivable which mature on various dates through March 2022. Dole realized a gain of \$27 million on the sale, of which \$3.2 million was recorded during the first quarter of 2012, and \$23.8 million was deferred, and will be recognized as cash on the

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notes receivable is collected. In addition, Dole may receive an earn-out of up to 10 million euros based on future operating performance of the business. Cash proceeds were used to pay down term loan debt during the second quarter of 2012.

Table of Contents**Non-GAAP Financial Measures**

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

| | Quarter Ended | |
|---|-------------------|-------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Net income | \$ 17,144 | \$ 2,045 |
| (Income) loss from discontinued operations, net of income taxes | 33 | (202) |
| Interest expense | 30,836 | 35,470 |
| Income taxes | 3,858 | 5,140 |
| | | |
| EBIT before discontinued operations | 51,871 | 42,453 |
| Depreciation and amortization from continuing operations | 23,624 | 23,353 |
| Net unrealized (gain) loss on derivative instruments | (1,867) | 3,613 |
| (Income) loss on long-term Japanese yen hedges | (47) | 27,405 |
| Foreign currency exchange (gain) loss on vessel obligations | 1,394 | 2,409 |
| Net unrealized loss on foreign denominated instruments | (3,928) | 6,892 |
| Share-based compensation | 2,849 | 1,865 |
| Charges for restructuring | 1,331 | 2,755 |
| Gain on asset sales | (4,203) | |
| | | |
| Adjusted EBITDA | \$ 71,024 | \$ 110,745 |

EBIT before discontinued operations and Adjusted EBITDA are measures commonly used by financial analysts in evaluating the performance of companies. EBIT before discontinued operations is calculated from net income by adding interest expense and income tax expense, and adding the loss or subtracting the income from discontinued operations, net of income taxes. Adjusted EBITDA is calculated from EBIT before discontinued operations by: (1) adding depreciation and amortization from continuing operations; (2) adding the net unrealized loss or subtracting the net unrealized gain on foreign currency and bunker fuel hedges and the cross currency swap which do not have a more than insignificant financing element present at contract inception; (3) adding the net loss or subtracting the net gain on the long-term Japanese yen hedges; (4) adding the foreign currency loss or subtracting the foreign currency gain on the vessel obligations; (5) adding the net unrealized loss or subtracting the net unrealized gain on foreign denominated instruments; (6) adding share-based compensation expense; (7) adding charges for restructuring; and (8) subtracting the gain on asset sales. Due to the fact that the long-term Japanese yen hedges had more than an insignificant financing element at inception (as discussed in Note 12 to the condensed consolidated financial statements), the liability is treated similar to a debt instrument and the associated cash flows are classified as a financing activity. As a result, both the realized and unrealized gains and losses related to the long-term Japanese yen hedges are subtracted from or added back to EBIT before discontinued operations when calculating Adjusted EBITDA. These adjustments have been made because management excludes these amounts when evaluating the performance of Dole.

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

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EBIT before discontinued operations and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, operating income, cash flow or other combined income or cash flow data prepared in accordance with U.S. GAAP. Because of their limitations, EBIT before discontinued operations and Adjusted EBITDA and the related ratios presented throughout this Item 7 should not be considered as measures of discretionary cash available to invest in business growth or reduce indebtedness. Dole compensates for these limitations by relying primarily on its U.S. GAAP results and using EBIT before discontinued operations and Adjusted EBITDA only supplementally.

Results of Operations

Selected results of operations for the quarters ended March 24, 2012 and March 26, 2011 were as follows:

| | Quarter Ended | |
|--|-------------------|-------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Revenues, net | \$ 1,626,610 | \$ 1,686,104 |
| Operating income | 46,411 | 79,276 |
| Other income (expense), net | 3,008 | (39,351) |
| Interest expense | (30,836) | (35,470) |
| Income taxes | (3,858) | (5,140) |
| Net income | 17,144 | 2,045 |
| Less: Net income attributable to noncontrolling interests | (777) | (1,005) |
| Net income attributable to shareholders of Dole Food Company, Inc. | 16,367 | 1,040 |

Revenues

Revenues in the quarter ended March 24, 2012 decreased 4% to \$1.6 billion from \$1.7 billion for the quarter ended March 26, 2011. Excluding first quarter 2011 sales from Dole Spain of \$36 million, which was sold in the fourth quarter of 2011, sales decreased 1%. Fresh fruit sales decreased \$67 million. Excluding first quarter 2011 sales from Dole Spain, fresh fruit sales decreased \$31 million. The decrease is primarily related to lower sales in the Europe and lower pricing of bananas in North America. These factors were partially offset by improved local pricing for Asia bananas as well as higher volumes of other fresh fruit sold in Asia, higher volumes of fresh pineapples sold worldwide and higher sales of Chilean deciduous fruit. Fresh vegetables sales increased \$6 million mainly due to higher sales of fresh berries and packaged salads. This was partially offset by lower pricing for fresh-packed vegetables. Packaged foods sales increased \$2 million primarily due to higher sales in the North America frozen fruit and healthy snack businesses and improved global pricing, partially offset by lower worldwide volumes of packaged fruit sold. Net unfavorable foreign currency exchange movements in Dole's selling locations resulted in lower revenues of approximately \$10 million.

Operating Income

For the quarter ended March 24, 2012, operating income decreased to \$46.4 million compared with \$79.3 million for the quarter ended March 26, 2011. Fresh fruit operating income decreased primarily due to lower earnings in Dole's banana operations in North America and Europe, partially offset by higher earnings in the Asia banana operations. Fresh vegetables operating income decreased due to lower pricing in all major fresh-packed vegetable product lines, partially offset by higher earnings of fresh berries and packaged salads due primarily to lower product costs. Packaged foods operating income increased primarily due to lower levels of marketing expenditures in North America, as prior year results included additional spending during the first quarter of 2011 for product launches.

Other Income (Expense), Net

For the quarter ended March 24, 2012, other income (expense), net was income of \$3 million compared to a loss of \$39.4 million in the prior year. The improvement was primarily due to the absence of \$27.4 of unrealized losses incurred in connection with the March 2011 unwinding of the cross currency swap and entering into a

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series of long-term Japanese yen hedges. In addition, unrealized gains of \$3.7 million were recorded during the first quarter of 2012 on Dole's foreign denominated borrowings, compared with unrealized losses of \$7.6 million recorded in the first quarter of 2011. There also was a decrease of \$1 million in unrealized losses generated on Dole's British pound sterling vessel obligation.

The cross currency swap was scheduled to mature in June 2011. During the first quarter of 2011, Dole entered into a transaction to effectively unwind the cross currency swap by refinancing its obligation under the cross currency swap and entered into a series of long-term Japanese yen hedges that mature through December 2014. The value of these contracts will continue to fluctuate based on changes in the exchange rate over the life of the individual forward contracts. Refer to Note 12 – Derivative Financial Instruments for additional information.

Interest Expense

Interest expense for the quarter ended March 24, 2012 was \$30.8 million compared to \$35.5 million for the quarter ended March 26, 2011. Interest expense decreased primarily as a result of lower effective borrowing rates due in part to the maturity of Dole's interest rate swap in the second quarter of 2011 as well as Dole's repurchase and retirement of \$52.5 million of its 13.875% senior secured notes due 2014 during the third quarter of 2011.

Income Taxes

Dole recorded \$3.9 million of income tax expense on \$19.4 million of pretax income from continuing operations for the quarter ended March 24, 2012. Income tax expense included interest expense of \$0.3 million related to Dole's unrecognized tax benefits. Income tax expense of \$5.1 million on \$5.8 million of pretax income from continuing operations was recorded for the first quarter ended March 26, 2011 which included interest expense of \$0.6 million related to Dole's unrecognized tax benefits. Dole's effective tax rate varies significantly from period to period due to the level, mix and seasonality of earnings generated in its various U.S. and foreign jurisdictions. For the quarter ended March 24, 2012, Dole's income tax expense differs from the U.S. federal statutory rate applied to Dole's pretax income primarily due to operations in foreign jurisdictions that are taxed at a rate lower than the U.S. federal statutory rate. For the quarter ended March 26, 2011, Dole's income tax expense differed from the U.S. federal statutory rate applied to Dole's pretax income primarily due to losses in certain jurisdictions for which it is more likely than not that a tax benefit will not be realized.

Dole is required to adjust its effective tax rate for each quarter to be consistent with the estimated annual effective tax rate. Jurisdictions with a projected loss where no tax benefit can be recognized are excluded from the calculation of the estimated annual effective tax rate. This could result in a higher or lower effective tax rate during a particular quarter based upon the mix and timing of actual earnings versus annual projections.

As a result of expiration of the statute of limitations, Dole estimates its tax provision for the second quarter of 2012 will be reduced by approximately \$18 million, including interest, net of tax benefits.

Segment Results of Operations

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

The fresh fruit reportable operating segment (fresh fruit) primarily sells bananas, fresh pineapple and deciduous fruit, which are sourced from local growers or Company-owned or leased farms located in Latin America and Asia, with significant selling locations in North America, Western Europe and Japan. The Asia component of fresh fruit sells not only fruit, but also sources and grows vegetables for sale primarily in Japan.

The fresh vegetables reportable operating segment (fresh vegetables) sells packaged salads and has a line of fresh-packed products that includes iceberg and romaine lettuce, celery, and fresh berries including strawberries and blueberries. Substantially all of the sales for fresh vegetables are generated in North America.

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

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The packaged foods reportable operating segment (packaged foods) sells and distributes packaged fruit and frozen fruit products in North America, Europe and Asia, with North America as the primary market. The largest component of packaged foods sales are FRUITBOWLS, canned pineapple and pineapple juice.

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

Revenues from external customers for the reportable operating segments and corporate were as follows:

| | Quarter Ended | |
|------------------|-------------------|-------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Fresh fruit | \$ 1,123,655 | \$ 1,190,970 |
| Fresh vegetables | 235,921 | 230,210 |
| Packaged foods | 266,937 | 264,780 |
| Corporate | 97 | 144 |
| | \$ 1,626,610 | \$ 1,686,104 |

EBIT for the reportable operating segments and corporate were as follows:

| | Quarter Ended | |
|---|-------------------|-------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Fresh fruit EBIT | \$ 37,483 | \$ 65,832 |
| Fresh vegetables EBIT | 7,034 | 12,267 |
| Packaged foods EBIT | 16,259 | 12,180 |
| Total operating segments EBIT | 60,776 | 90,279 |
| Corporate: | | |
| Unrealized loss on cross currency swap | | (3,787) |
| Unrealized gain (loss) on long-term Japanese yen hedges | 944 | (27,405) |
| Net unrealized loss on foreign denominated instruments | 3,645 | (5,920) |
| Share-based compensation | (1,721) | (1,214) |
| Operating and other expenses | (11,773) | (9,500) |
| Corporate | (8,905) | (47,826) |
| Interest expense | (30,836) | (35,470) |
| Income taxes | (3,858) | (5,140) |
| Income from continuing operations | 17,177 | 1,843 |
| Income (loss) from discontinued operations, net of income taxes | (33) | 202 |
| Net income | \$ 17,144 | \$ 2,045 |

Fresh Fruit

Fresh fruit revenues for the quarter ended March 24, 2012 decreased 6% to \$1.12 billion from \$1.19 billion for the quarter ended March 26, 2011. Excluding sales from Dole Spain, fresh fruit revenues decreased 3% mainly due to lower sales in Europe. European sales decreased as a result of lower volumes sold, lower local

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pricing and unfavorable euro and Swedish krona foreign currency exchange movements. The German subsidiary which was sold at the end of the first quarter of 2012 generated revenues of approximately \$115 million. As a result of the sale, there will be a reduction in revenues of approximately \$410 million for the remaining three quarters of fiscal 2012. Banana sales were slightly lower as improved local pricing and favorable Japanese yen foreign currency movements in Asia bananas were offset by lower pricing of bananas in North America. Fresh pineapple sales increased due to improved volumes sold worldwide. Sales in Asia also increased due to higher volumes of other diversified fresh fruit and vegetables. Sales of Chilean deciduous fruit increased primarily as a result of higher sales volumes and improved local pricing for grapes, apples and stone fruit. Net unfavorable foreign currency exchange movements in Dole's foreign selling locations resulted in lower revenues of approximately \$10 million during the first quarter ended March 24, 2012.

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

| | Quarter Ended | |
|--|-------------------|-------------------|
| | March 24, 2012 | March 26, 2011 |
| | (In thousands) | |
| Charges for restructuring | \$ (1,331) | \$ (2,755) |
| Unrealized gain on foreign currency and fuel hedges | 1,455 | 1,169 |
| Net loss on long-term Japanese yen hedges | (897) | |
| Foreign currency exchange loss on vessel obligations | (1,394) | (2,409) |
| Net unrealized gain on foreign denominated instruments | 195 | 118 |
| Share-based compensation | (693) | (378) |
| Gain on asset sales | 4,203 | |
| Total | \$ 1,538 | \$ (4,255) |

Fresh fruit EBIT for the quarter ended March 24, 2012 decreased \$28.3 million to \$37.5 million from \$65.8 million for the quarter ended March 26, 2011. Banana EBIT decreased as a result of lower pricing in North America and higher fruit costs due to increased prices from Latin American growers. These factors were partially offset by higher earnings in Dole's Asia banana operations and lower shipping costs in Europe. The decrease in shipping costs was due primarily to Dole's 2011 restructuring initiatives which further reduced vessel charters, improved vessel utilization and made better use of available outside freight offerings. EBIT in Europe decreased slightly as a result of lower pricing and higher product costs.

Fresh Vegetables

Fresh vegetables revenues for the quarter ended March 24, 2012 increased 2% to \$235.9 million from \$230.2 million for the quarter ended March 26, 2011. Fresh berries revenues increased as a result of higher volumes for strawberries as well as sales associated with the fourth quarter 2011 SunnyRidge Farm (SunnyRidge) acquisition. SunnyRidge revenues for the first quarter of 2012 were \$15.1 million. Packaged salads revenues increased as a result of improved pricing. Fresh-packed vegetable revenues decreased as a result of significantly lower pricing across all major vegetable product lines despite higher volumes. Lower pricing was due to oversupply conditions during the first quarter of 2012. The quarter over quarter comparison was also impacted by abnormally strong pricing in the first quarter of 2011 associated with product shortages from challenging weather conditions.

Fresh vegetables EBIT for the quarter ended March 24, 2012 decreased to \$7 million from \$12.3 million for the quarter ended March 26, 2011. EBIT decreased as a result of lower pricing in the fresh-packed vegetables business partially offset by lower growing costs. Earnings in the fresh berries business increased as a result of lower growing and harvesting costs partially offset by lower pricing for strawberries. SunnyRidge did not have a significant impact on EBIT during the first quarter of 2012 as earnings were impacted by amortization of intangible assets from the acquisition. Packaged salads earnings increased as result of improved pricing and lower vegetable costs due in part to production efficiencies. Fresh vegetables EBIT benefitted from lower growing and raw materials costs in the first quarter of 2012 as costs during the first quarter of 2011 were unusually high as a result of product shortages and poor growing conditions.

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Packaged Foods

Packaged foods revenues for the quarter ended March 24, 2012 increased to \$266.9 million from \$264.8 million for the quarter ended March 26, 2011. Revenues increased primarily due to higher pricing of packaged fruit products worldwide and higher sales of frozen fruit and healthy snacks. These improvements were partially offset by lower volumes of packaged fruit products sold worldwide.

EBIT in the packaged foods segment for the quarter ended March 24, 2012 increased to \$16.3 million from \$12.2 million for the quarter ended March 26, 2011. The increase in EBIT was due primarily to lower marketing expenses in North America and higher global pricing. The decrease in marketing expenditures was attributable to the additional spending in the first quarter of 2011 associated with the product launches of FRUITBOWLS in 100% juice and fruit in jars in 100% juice. These improvements were partially offset by higher product costs as a result of higher purchased fruit costs and higher fuel and tinplate costs.

Corporate

Corporate EBIT was a loss of \$8.9 million for the quarter ended March 24, 2012 compared to a loss of \$47.8 million for the quarter ended March 26, 2011. The improvement in EBIT was primarily due to the absence of unrealized losses of \$27.4 million incurred in connection with the March 2011 unwinding of the cross currency swap and entering into a series of long-term Japanese yen hedges. In addition, unrealized gains of \$3.6 million were recorded during the first quarter of 2012 on foreign denominated borrowings, compared with unrealized losses of \$5.9 million recorded in the first quarter of 2011. These factors were partially offset by slightly higher levels of general and administrative expenses.

Liquidity and Capital Resources

Cash flows used in operating activities were \$14.3 million for the quarter ended March 24, 2012, compared to \$46.9 million for the quarter ended March 26, 2011. The improvement was primarily related to lower levels of receivables due in part to timing of collections and higher levels of accounts payables due to timing of payments. In addition, lower inventory spending contributed to the reduction in cash used.

Cash flows used in investing activities were \$7 million for the quarter ended March 24, 2012, compared to cash flows provided by investing activities of \$24.9 million for the quarter ended March 26, 2011. The change was primarily due to the \$39.7 million deposit of restricted cash. This deposit was no longer required as a result of the unwind of the cross currency swap in the first quarter of 2011. Excluding this factor, cash flows used in investing activities decreased \$7.9 million primarily due to net cash proceeds received from the first quarter 2012 sale of a German subsidiary, partially offset by the first quarter 2012 acquisition of Mrs. May s.

Cash flows provided by financing activities was \$3.8 million for the quarter ended March 24, 2012, compared to cash flows used in financing activities of \$7.7 million for the quarter ended March 26, 2011. The change was primarily due to approximately \$20.2 million of higher borrowings, net of repayments, partially offset by approximately \$8.7 million of settlements related to the long-term Japanese yen hedges.

As of March 24, 2012, Dole had a cash balance of \$111.9 million including \$6.2 million of restricted cash and an ABL revolver borrowing base of \$321.8 million. There were \$50 million outstanding under the ABL revolver at March 24, 2012. After taking into account approximately \$98.4 million of outstanding letters of credit issued under the ABL revolver, and the outstanding ABL balance, Dole had approximately \$173.4 million available for borrowings as of March 24, 2012. The ABL revolver matures in 2016.

Dole believes that available borrowing capacity under the revolving credit facility and subsidiaries uncommitted lines of credit, together with its existing cash balances, future cash flow from operations, planned asset sales and access to capital markets will enable it to meet its working capital, capital expenditure, debt maturity and other commitments and funding requirements over the next 12 months. Management s plan is dependent upon the occurrence of future events which will be impacted by a number of factors including the general economic environment in which Dole operates, Dole s ability to generate cash flow from its operations, and its ability to attract buyers for assets being marketed for sale. Factors impacting Dole s cash flow from operations include, but are not limited to, product pricing, commodity prices, interest rates and foreign currency exchange rates.

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Other Matters

Recently Issued and Adopted Accounting Pronouncements: There were no recently issued accounting pronouncements that impacted Dole's condensed consolidated financial statements. In addition, Dole did not adopt any new accounting pronouncements during the quarter ended March 24, 2012.

European Union (EU) Banana Import Regime: Effective March 7, 2011, a new EU tariff only import regime for bananas went into force on all banana imports to the EU market from Latin America. Under terms of the agreement, there will be a gradual tariff reduction from 148 euros per metric ton in 2010 to a final tariff of 114 euro per metric ton on January 1, 2017 or January 1, 2019 (the 2019 date applies if no further trade agreements are reached in the ongoing Doha Development Agenda global trade discussions). Bananas from African, Caribbean, and Pacific countries may be imported to the EU duty-free.

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

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For the quarter ended March 24, 2012, there have been no material changes in the market risk disclosure presented in Dole's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. For information regarding Dole's derivative instruments and hedging activities, refer to Note 12 to the condensed consolidated financial statements contained in this Quarterly Report.

Item 4. CONTROLS AND PROCEDURES

An evaluation was carried out as of March 24, 2012 under the supervision and with the participation of Dole's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act. Based upon this evaluation, Dole's Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 24, 2012. No change in our internal control over financial reporting identified in connection with this evaluation that occurred during our first quarter of 2012 has materially affected, or is reasonably likely to materially affect, Dole's internal control over financial reporting.

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PART II.

OTHER INFORMATION

DOLE FOOD COMPANY, INC.

Item 1. *Legal Proceedings*

For information regarding legal matters, refer to Note 14 to the condensed consolidated financial statements contained in this Quarterly Report.

Item 6. *Exhibits*

Exhibit

Number

| | |
|-------|---|
| 31.1* | Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act |
| 31.2* | Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act |
| 32.1 | Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act |
| 32.2 | Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act |
| 101 | The following financial information from Dole Food Inc. s Quarterly Report on Form 10-Q for the quarter ended March 24, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statement of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statement of Stockholders Equity and (vi) the Notes to Condensed Consolidated Financial Statements. |

* Filed herewith

Furnished herewith

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DOLE FOOD COMPANY, INC.

REGISTRANT

By: /s/ JOSEPH S. TESORIERO
Joseph S. Tesoriero
*Executive Vice President and
Chief Financial Officer*

By: /s/ YOON J. HUGH
Yoon J. Hugh
*Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)*

May 3, 2012

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