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 31, 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: 001-34979

KAISER FEDERAL FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Maryland	**26-1500698**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**
1359 N. Grand Avenue, Covina, CA	**91724**
(Address of principal executive offices)	**(Zip Code)**

(800) 524-2274

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 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 x 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	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 x

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

Common Stock, $.01 par value 9,050,261 shares outstanding as of May 7, 2012.

Form 10-Q

KAISER FEDERAL FINANCIAL GROUP, INC.

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Part I FINANCIAL INFORMATION

Item 1. Financial Statements

KAISER FEDERAL FINANCIAL GROUP, INC. AND SUBSIDIARY

Consolidated Statements of Financial Condition

(Unaudited)

(Dollars in thousands, except per share data)

	March 31, 2012	June 30, 2011
ASSETS		
Cash and due from banks	$ 8,992	$ 9,214
Federal funds sold	129,760	80,440
Total cash and cash equivalents	138,752	89,654
Interest earning time deposits in other financial institutions	0	11,669
Securities available-for-sale, at fair value	57,986	16,038
Securities held-to-maturity, fair value of $1,516 and $2,299 at March 31, 2012 and June 30, 2011, respectively	1,475	2,202
Federal Home Loan Bank (FHLB) stock, at cost	8,968	10,334
Loans receivable, net of allowance for loan losses of $7,928 and $11,367 at March 31, 2012 and June 30, 2011, respectively	707,780	696,646
Accrued interest receivable	2,739	2,851
Premises and equipment, net	2,784	2,334
Goodwill	3,950	3,950
Bank-owned life insurance	13,217	12,856
Real estate owned (REO)	725	828
Other assets	6,589	7,077
Total assets	$ 944,965	$ 856,439
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Deposits		
Noninterest bearing	$ 73,839	$ 57,512
Interest bearing	609,047	577,197
Total deposits	682,886	634,709
Federal Home Loan Bank advances, short-term	40,000	40,000
Federal Home Loan Bank advances, long-term	60,000	20,000
Accrued expenses and other liabilities	5,943	4,331
Total liabilities	788,829	699,040
Commitments and contingent liabilities		
Stockholders equity		
Nonredeemable serial preferred stock, $.01 par value; 25,000,000 shares authorized; issued and outstanding none	0	0
Common stock, $0.01 par value; 100,000,000 authorized; March 31, 2012 9,172,743 shares issued	92	96

June 30, 2011 9,574,960 shares issued		
Additional paid-in capital	95,028	100,599
Retained earnings	65,853	61,832
Accumulated other comprehensive loss, net of tax	(41)	(21)
Unearned employee stock ownership plan (ESOP) shares	(4,796)	(5,107)
Total stockholders equity	156,136	157,399
Total liabilities and stockholders equity	$ 944,965	$ 856,439

The accompanying notes are an integral part of these unaudited consolidated financial statements

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KAISER FEDERAL FINANCIAL GROUP, INC. AND SUBSIDIARY

Consolidated Statements of Income

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	Nine Months Ended March 31, 2012	Nine Months Ended March 31, 2011
Interest income				
Interest and fees on loans	$ 9,652	$ 10,568	$ 29,835	$ 32,675
Interest on securities, taxable	187	43	521	163
Federal Home Loan Bank dividends	12	8	26	34
Other interest	73	76	235	213
Total interest income	9,924	10,695	30,617	33,085
Interest expense				
Interest on deposits	1,847	2,192	5,927	7,057
Interest on borrowings	713	967	2,227	3,807
Total interest expense	2,560	3,159	8,154	10,864
Net interest income	7,364	7,536	22,463	22,221
Provision for loan losses	0	0	0	950
Net interest income after provision for loan losses	7,364	7,536	22,463	21,271
Noninterest income				
Service charges and fees	362	391	1,253	1,304
ATM fees and charges	576	517	1,649	1,530
Referral commissions	77	70	231	221
(Loss) gain on equity investment	(45)	51	(185)	(69)
Bank-owned life insurance	117	119	361	366
Other noninterest income	7	10	16	19
Total noninterest income	1,094	1,158	3,325	3,371
Noninterest expense				
Salaries and benefits	2,942	2,426	8,401	6,945
Occupancy and equipment	647	627	1,995	1,808
ATM expense	492	454	1,529	1,356
Advertising and promotional	92	84	283	287
Professional services	615	508	1,582	1,125
Federal deposit insurance premiums	147	232	413	767
Postage	63	67	194	206
Telephone	211	174	604	524
REO and foreclosure expense	162	32	138	287
Other operating expense	468	399	1,440	1,224

Total noninterest expense	5,839	5,003	16,579	14,529
Income before income tax expense	2,619	3,691	9,209	10,113
Income tax expense	972	1,430	3,461	3,818
Net income	$ 1,647	$ 2,261	$ 5,748	$ 6,295
Earnings per common share:				
Basic	$ 0.18	$ 0.25	$ 0.63	$ 0.68
Diluted	$ 0.18	$ 0.25	$ 0.63	$ 0.68

The accompanying notes are an integral part of these unaudited consolidated financial statements

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KAISER FEDERAL FINANCIAL GROUP, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2012	**2011**	**2012**	**2011**
Net income	$ 1,647	$ 2,261	$ 5,748	$ 6,295
Other comprehensive income (loss):				
Unrealized gain (loss) on securities available for sale	143	(19)	(35)	(10)
Income tax effect	(59)	8	15	4
Other comprehensive income (loss), net of tax	84	(11)	(20)	(6)
Comprehensive income	$ 1,731	$ 2,250	$ 5,728	$ 6,289

The accompanying notes are an integral part of these unaudited consolidated financial statements

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KAISER FEDERAL FINANCIAL GROUP, INC. AND SUBSIDIARY

Consolidated Statements of Stockholders Equity

(Unaudited)

(Dollars in thousands, except per share data)

	Common Stock					Accumulated Other		
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Comprehensive Loss, net	Unearned ESOP Shares	Total
Balance July 1, 2011	9,574,960	$ 96	$ 100,599	$ 61,832	$ (21)	$ (5,107)	$ 157,399
Net income for the nine months ended March 31, 2012	0	0	0	5,748	0	0	5,748
Other comprehensive loss unrealized loss on securities, net of tax of ($15)	0	0	0	0	(20)	0	(20)
Dividends declared ($0.19 per share)	0	0	0	(1,727)	0	0	(1,727)
Repurchase of common stock	(435,075)	(4)	(5,883)	0	0	0	(5,887)
Stock options earned	0	0	45	0	0	0	45
Stock options exercised	7,194	0	78	0	0	0	78
Allocation of stock awards	0	0	112	0	0	0	112
Issuance of stock awards	33,664	0	0	0	0	0	0
Forfeiture of stock awards	(8,000)	0	0	0	0	0	0
Allocation of ESOP common stock	0	0	77	0	0	311	388
Balance March 31, 2012	9,172,743	$ 92	$ 95,028	$ 65,853	$ (41)	$ (4,796)	$ 156,136

The accompanying notes are an integral part of these unaudited consolidated financial statements

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KAISER FEDERAL FINANCIAL GROUP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

(Unaudited)

(Dollars in thousands)

	Nine Months Ended March 31, 2012	Nine Months Ended March 31, 2011
OPERATING ACTIVITIES		
Net income	$ 5,748	$ 6,295
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization (Accretion) of net premiums (discounts) on securities	467	(1)
Amortization (Accretion) of net premiums (discounts) on loan purchases	173	(20)
(Accretion) Amortization of net loan origination costs	(5)	62
Provision for loan losses	0	950
Gain on sale of REO	(55)	(21)
REO direct write-down	0	164
Depreciation and amortization	610	556
Amortization of core deposit intangible	22	35
Loss on equity investment	185	69
Increase in cash surrender value of bank-owned life insurance	(361)	(366)
Allocation of ESOP common stock	388	333
Allocation of stock awards	112	82
Stock options earned	45	61
Net change in accrued interest receivable	112	391
Net change in other assets	264	772
Net change in accrued expenses and other liabilities	1,612	348
Net cash provided by operating activities	9,317	9,710
INVESTING ACTIVITIES		
Purchase of available-for-sale securities	(57,271)	0
Proceeds from maturities and principal repayments of available-for-sale securities	14,822	1,051
Proceeds from maturities and principal repayments of held-to-maturity securities	727	1,318
Net change in interest earning time deposits with other financial institutions	11,669	5,121
Purchases of loans	(49,409)	0
Net change in loans	36,817	52,950
Proceeds from sale of real estate owned	1,173	1,941
Proceeds from sale of loans receivable	306	0
Redemption of FHLB stock	1,366	1,382
Purchases of premises and equipment	(1,060)	(913)
Net cash (used in) provided by investing activities	(40,860)	62,850
FINANCING ACTIVITIES		
Proceeds from FHLB advances	60,000	0
Repayment of FHLB Advances	(20,000)	(52,000)
Dividends paid on common stock	(1,727)	(1,373)
Repurchase of common stock	(5,887)	0

Net change in deposits	48,177	26,160
Net proceeds from stock offering	0	59,085
Purchase of shares by ESOP pursuant to reorganization	0	(3,825)
Exercise of stock options	78	0
Net cash provided by financing activities	80,641	28,047
Net change in cash and cash equivalents	49,098	100,607
Cash and cash equivalents at beginning of period	89,654	39,560
Cash and cash equivalents at end of period	$ 138,752	$ 140,167
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid on deposits and borrowings	$ 8,171	$ 10,877
Income taxes paid	2,174	4,250
SUPPLEMENTAL NONCASH DISCLOSURES		
Transfer from loans to real estate owned	$ 984	$ 2,103

The accompanying notes are an integral part of these unaudited consolidated financial statements

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KAISER FEDERAL FINANCIAL GROUP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

(Unaudited)

Note 1 Nature of Business and Significant Accounting Policies

Nature of Business: Kaiser Federal Financial Group, Inc. (the Company) is a Maryland corporation that owns all of the outstanding common stock of Kaiser Federal Bank (the Bank). It is the successor to K-Fed Bancorp following the completion of the second-step conversion and offering in November 2010. The Company s primary activity is holding all of the outstanding shares of common stock of Kaiser Federal Bank. The Bank is a federally chartered savings bank headquartered in Covina, California. The Bank s principal business activity consists of attracting retail deposits from the general public and originating primarily loans secured by first mortgages on owner-occupied, one-to-four family residences and multi-family residences located in its market area. While the Bank originates many types of residential and commercial real estate loans, the majority of its one-to-four family real estate loans have been purchased from other financial institutions.

The Company s business activities generally are limited to passive investment activities and oversight of its investment in the Bank. Unless the context otherwise requires, all references to the Company include the Bank and the Company on a consolidated basis, and prior to November 19, 2010, the Company refers to K-Fed Bancorp and the Bank on a consolidated basis.

Principles of Consolidation and Basis of Presentation: The financial statements of Kaiser Federal Financial Group, Inc. have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and predominant practices followed by the financial services industry. The consolidated financial statements presented in this report include the accounts of Kaiser Federal Financial Group, Inc. and its wholly-owned subsidiary, Kaiser Federal Bank. All material intercompany balances and transactions have been eliminated in consolidation. Financial information presented in this report is derived in part from the consolidated financial statements of K-Fed Bancorp and subsidiary prior to November 19, 2010. In the opinion of the Company s management, all adjustments consisting of normal recurring accruals necessary for a fair presentation of the financial condition and results of operations for the interim periods included herein have been made.

On November 19, 2010, the Company completed the conversion from a mutual holding company structure to a fully public stock holding company form of organization and related public offering. The Company sold a total of 6,375,000 shares of common stock in the offering at a purchase price of $10.00 per share. The offering raised capital of $59.1 million, which is net of costs of $4.7 million. Concurrent with the completion of the offering, shares of K-Fed Bancorp common stock owned by public stockholders were exchanged for 0.7194 shares of the Company s common stock. All share and per share information in this report for periods prior to the conversion has been revised to reflect the 0.7194:1 conversion ratio on shares outstanding, including shares of K-Fed Bancorp held by the former mutual holding company that were not publically traded.

The results of operations for the three months and nine months ended March 31, 2012 are not necessarily indicative of the results of operations that may be expected for any other interim period or for the fiscal year ending June 30, 2012. Certain information and note disclosures normally included in the Company s annual financial statements have been condensed or omitted. Therefore, these consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes included in the 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Use of Estimates in the Preparation of Consolidated Financial Statements: The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Changes in these estimates and assumptions are considered reasonably possible and may have a material impact on the consolidated financial statements and thus actual results could differ from the amounts reported and disclosed herein. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, real estate owned and financial instruments.

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Adoption of New Accounting Standards:

In April 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-02 *Receivable (Topic 310): A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring*. The ASU amended existing guidance to assist creditors in determining whether a modification of the terms of a receivable meets the definition of a troubled debt restructuring (TDR). The guidance does not change previous standards that a restructuring of debt constitutes a TDR if the creditor for economic or legal reasons related to the debtor s financial difficulties grants a concession to the debtor that it would not otherwise consider , but provides clarification on determining whether a debtor is in financial difficulty and if a concession was granted. The guidance is effective for interim and annual periods beginning on or after June 15, 2011, and should be applied retrospectively to restructurings occurring on or after the beginning of the fiscal year of adoption. The adoption of this guidance did not have a material effect on the Company s results of operations or financial position.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs,* to clarify Topic 820, Fair Value Measurement, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This Update results in common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards (IFRSs). Key provisions of the amendment include: a prohibition on grouping financial instruments for purposes of determining fair value, except when an entity manages market and credit risks on the basis of the entity s net exposure to the group; an extension of the prohibition against the use of a blockage factor to all fair value measurements (that prohibition currently applies only to financial instruments with quoted prices in active markets); and a requirement that for recurring Level 3 fair value measurements, entities disclose quantitative information about unobservable inputs, a description of the valuation process used and qualitative details about the sensitivity of the measurements. In addition, for items not carried at fair value but for which fair value is disclosed, entities will be required to disclose the level within the fair value hierarchy that applies to the fair value measurement disclosed. The amendments in this guidance are to be applied prospectively. This guidance is effective during interim and annual periods beginning after December 15, 2011. The adoption of this guidance did not have a material effect on the Company s results of operations or financial position, however, it expanded the disclosure for items not carried at fair value but for which fair value is disclosed.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income.* ASU 2011-05 does not change what would be classified as other comprehensive income (OCI), rather, items classified as OCI will be moved to the income statement instead of the statement of stockholders equity. Under this guidance, companies will have the option to present OCI either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both options, companies will be required to present each component of net income along with total net income, each component of OCI along with a total for OCI, and a total amount for comprehensive income. The FASB amended ASU 2011-05 in December 2011, with the issuance of ASU 2011-12, *Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*. ASU 2011-12 defers changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. Both standards are effective for interim and annual periods beginning after December 15, 2011, and are applied retrospectively to transactions or modifications of existing transactions that occur on or after the effective date. The adoption of this guidance did not have a material effect on the Company s consolidated financial statements, however it changed the way the Company discloses OCI.

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Effect of Newly Issued But Not Yet Effective Accounting Standards:

In September 2011, the FASB issued ASU 2011-08, *Intangibles Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. Under the amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not (a likelihood of more than 50 percent) that its fair value is less than its carrying amount. Under the amendments in this Update, an entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this guidance is not expected to have a material effect on the Company s result of operations or financial position.

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Note 2 Earnings Per Share

Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. Employee Stock Ownership Plan (ESOP) shares are considered outstanding for this calculation unless unearned. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation and had an immaterial impact on the calculation for the three and nine months ended March 31, 2012 and 2011. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock options.

	Three months ended March 31, 2012	Three months ended March 31, 2011	Nine months ended March 31, 2012	Nine months ended March 31, 2011
Basic	(Dollars in thousands, except per share data)			
Net income	$ 1,647	$ 2,261	$ 5,748	$ 6,295
Weighted average common shares outstanding	9,022,704	9,072,381	9,096,323	9,260,539
Basic earnings per share	$ 0.18	$ 0.25	$ 0.63	$ 0.68
Diluted				
Net income	$ 1,647	$ 2,261	$ 5,748	$ 6,295
Weighted average common shares outstanding	9,022,704	9,072,381	9,096,323	9,260,539
Add: Dilutive effect of stock options	9,171	0	4,603	161
Average shares and dilutive potential common shares	9,031,875	9,072,381	9,100,926	9,260,700
Diluted earnings per share	$ 0.18	$ 0.25	$ 0.63	$ 0.68

For the three and nine months ended March 31, 2012 outstanding stock options to purchase 222,590 shares, respectively were anti-dilutive and not considered in computing diluted earnings per common share. For the three and nine months ended March 31, 2011 outstanding stock options to purchase 304,515 shares, respectively were anti-dilutive and not considered in computing diluted earnings per common share. Stock options are not considered participating securities as they do not contain rights to nonforfeitable dividends.

The Recognition and Retention Plan (RRP) awards contain rights to nonforfeitable dividends and are considered participating securities. RRP shares of 39,475 are included in weighted average common shares outstanding for the three and nine months ended March 31, 2012. RRP shares of 12,230 are included in weighted average common shares outstanding for the three and nine months ended March 31, 2011.

The Company s 2011 Equity Incentive Plan (EIP) provides for the issuance of stock options, restricted stock awards and restricted stock units to directors, officers, and employees. Restricted stock awards issued under the EIP contain rights to nonforfeitable dividends and are considered participating securities. Restricted stock awards of 8,664 shares are included in the weighted average common shares outstanding for the three and nine months ended March 31, 2012.

Note 3 Fair Value Measurements

FASB ASC 820-10 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

There were no financial or nonfinancial instruments transferred in or out of Level 1, 2, or 3 input categories during the three and nine months ended March 31, 2012 and 2011.

Impaired Loans: At the time a loan is considered impaired, it is valued at the lower of cost or fair value. Impaired loans carried at fair value generally receive allocations of the allowance for loan losses that are individually evaluated. For collateral dependent loans, fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower s financial statements, or aging reports, adjusted or discounted based on management s historical knowledge, changes in market conditions from the time of the valuation, and management s expertise and knowledge of the client and client s business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a monthly basis for additional impairment and adjusted accordingly.

Other Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

As of March 31, 2012 and June 30, 2011, there were no liabilities measured at fair value.

Assets measured at fair value on a recurring basis are summarized in the following table (in thousands):

		Fair Value Measurements Using		
Assets at March 31, 2012:	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Available-for-sale securities				
Mortgage-backed securities (residential)	$ 21,039	$ 0	$ 21,039	$ 0
Collateralized mortgage obligations (residential)	36,947	0	36,947	0
Total available-for-sale securities	$ 57,986	$ 0	$ 57,986	$ 0
Assets at June 30, 2011:				
Available-for-sale securities				
FHLB Bond	$ 4,999	$ 0	$ 4,999	$ 0
Mortgage-backed securities (residential)	184	0	184	0
Collateralized mortgage obligations (residential)	10,855	0	10,855	0
Total available-for-sale securities	$ 16,038	$ 0	$ 16,038	$ 0

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The following financial assets were measured at fair value on a non-recurring basis (in thousands):

		Fair Value Measurements Using		
Assets at March 31, 2012:	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Impaired Loans				
One-to-four family residential	$ 10,942	$ 0	$ 0	$ 10,942
Multi-family residential	888	0	0	888
Commercial real estate	1,311	0	0	1,311
Total impaired loans	$ 13,141	$ 0	$ 0	$ 13,141
Assets at June 30, 2011				
Impaired Loans				
One-to-four family residential	$ 11,873	$ 0	$ 0	$ 11,873
Multi-family residential	1,334	0	0	1,334
Commercial real estate	3,630	0	0	3,630
Total impaired loans	$ 16,837	$ 0	$ 0	$ 16,837

At March 31, 2012, no nonfinancial assets were measured at fair value on a non-recurring basis. At June 31, 2011, the following nonfinancial assets were measured at fair value on a non-recurring basis (in thousands):

		Fair Value Measurements Using		
	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets at June 30, 2011:				
Real estate owned: one-to-four family residential	$ 828	$ 0	$ 0	$ 828

Loans are considered impaired when it is probable that the Company will be unable to collect all amounts due as scheduled according to the contractual terms of the loan agreement, including contractual interest and principal payments. Impaired loans are measured for impairment using the fair value of the collateral for collateral dependent loans, or alternatively, based on the present value of expected future cash flows discounted at the loan s effective interest rate. The fair value of collateral is calculated using an independent third party appraisal. For one-to-four family residential loans, appraised values are based on the comparative sales approach. A significant unobservable input in the sales approach is the adjustment for the differences between the comparable sales. At March 31, 2012, these adjustments ranged from an upward adjustment of 3.3% to a discount of 16.8%. For multi-family residential and commercial real estate loans, appraisers may use either a single valuation approach or a combination of approaches such as comparative sales, cost or the income approach. At March 31, 2012, adjustments made on multi-family residential and commercial real estate loans valued using the comparable sales approach ranged from 0.0% to a discount of 8.0%. A significant unobservable input in the income approach is the estimated income capitalization rate. At March 31, 2012, a 7.5% capitalization rate was utilized to determine the fair value of the underlying collateral of a multi-family residential loan. Impaired loans measured at fair value had a principal balance of $15.9 million at March 31, 2012 as compared to $22.2 million at June 30, 2011. The valuation allowance for these loans was $2.8 million at March 31, 2012 as compared to $5.3 million at June 30, 2011. The reduction of valuation allowance for impaired loans was primarily attributable to charge-offs of specific valuation allowances previously identified during the nine months ended March 31, 2012.

Real estate owned is measured at fair value less estimated costs to sell at transfer. If the fair value of the asset declines, a write-down is recorded through expense. During the three and nine months ended March 31, 2012, the Company did not incur a charge to reduce real estate owned to fair value. During the three and nine months ended March 31, 2011, the Company incurred charges of $10,000 and $164,000, respectively to reduce real estate owned to fair value.

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Fair Value of Financial Instruments

The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate fair value:

Cash and Cash Equivalents

The carrying amounts of cash and cash equivalents approximate fair values. Cash on hand and non-interest due from bank accounts are classified as Level 1 and federal funds sold are classified as Level 2.

Interest Earning Time Deposits in Other Financial Institutions

The carrying amounts of interest earning time deposits in other financial institutions approximate fair values and are classified as Level 2.

Investments

Estimated fair values for securities held-to-maturity are obtained from quoted market prices where available and are classified as Level 1. Where quoted market prices are not available, estimated fair values are based on quoted market prices of comparable instruments and are classified as Level 2.

Securities available-for-sale that are previously reported are excluded from the fair value disclosure below.

FHLB Stock

It is not practical to determine the fair value of FHLB stock due to restrictions placed on its transferability.

Loans

Fair value for loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality resulting in a Level 3 classification. Impaired loans are valued at the lower of cost or fair value as described previously. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

Accrued Interest Receivable

The carrying amounts of accrued interest receivable approximate fair value resulting in a Level 3 classification.

Deposits

The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amount) resulting in a Level 2 classification. The carrying amounts of variable rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date resulting in a Level 2 classification. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flows calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits resulting in a Level 2 classification.

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FHLB Advances

The fair values of the Company s FHLB advances are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 2 classification.

Off-Balance Sheet Financial Instruments

The fair values for the Company s off-balance sheet loan commitments are estimated based on fees charged to others to enter into similar agreements taking into account the remaining terms of the agreements and credit standing of the Company s customers. The estimated fair value of these commitments is not significant.

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The carrying amounts and estimated fair values of the Company s financial instruments are summarized as follows (in thousands):

	Fair Value Measurements at March 31, 2012 Using:					June 30, 2011	
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	Carrying Amount	Fair Value
Financial assets:							
Cash on hand and non-interest bearing due from bank accounts	$ 8,992	$ 8,992	$ 0	$ 0	$ 8,992	$ 9,214	$ 9,214
Federal funds sold	129,760	0	129,760	0	129,760	80,440	80,440
Interest earning time deposits in other financial institutions	0	0	0	0	0	11,669	11,669
Securities held-to-maturity	1,475	0	1,516	0	1,516	2,202	2,299
Federal Home Loan Bank Stock	8,968	0	0	NA	NA	10,334	NA
Loans receivable, net	694,639	0	0	721,539	721,539	679,809	687,135
Accrued interest receivable - loans	2,623	0	0	2,623	2,623	2,781	2,781
Accrued interest receivable - investments	116	0	116	0	116	70	70
Financial liabilities:							
Deposits	682,886	0	693,146	0	693,146	634,709	643,595
FHLB Advances	100,000	0	102,036	0	102,036	60,000	61,542

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Note 4 Investments

The amortized cost and fair value of available-for-sale securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive loss were as follows (in thousands):

	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
March 31, 2012				
Mortgage-backed (residential):				
Fannie Mae	$ 15,188	$ 79	$ 0	$ 15,109
Freddie Mac	5,851	8	(6)	5,849
Collateralized mortgage obligations (residential):				
Fannie Mae	21,435	0	(153)	21,588
Freddie Mac	15,512	49	(47)	15,510
Total	$ 57,986	$ 136	$ (206)	$ 58,056
June 30, 2011				
FHLB Bond	$ 4,999	$ 1	$ 0	$ 4,998
Mortgage-backed (residential):				
Freddie Mac	184	5	0	179
Collateralized mortgage obligations (residential):				
Fannie Mae	5,115	0	(95)	5,210
Freddie Mac	5,740	54	0	5,686
Total	$ 16,038	$ 60	$ (95)	$ 16,073

The carrying amount, unrecognized gains and losses, and fair value of securities held-to-maturity were as follows (in thousands):

	Carrying Amount	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
March 31, 2012				
Mortgage-backed (residential)				
Fannie Mae	$ 135	$ 3	$ 0	$ 138
Freddie Mac	97	6	0	103
Ginnie Mae	46	1	0	47
Collateralized mortgage obligations (residential)				
Fannie Mae	672	20	0	692
Freddie Mac	525	11	0	536
Total	$ 1,475	$ 41	$ 0	$ 1,516
June 30, 2011				
Mortgage-backed (residential)				
Fannie Mae	$ 144	$ 3	$ 0	$ 147
Freddie Mac	109	7	0	116
Ginnie Mae	52	1	0	53
Collateralized mortgage obligations (residential)				
Fannie Mae	908	32	0	940
Freddie Mac	989	54	0	1,043

Total	$ 2,202	$ 97	$ 0	$ 2,299

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There were no sales of securities during the three or nine months ended March 31, 2012 or March 31, 2011.

All mortgage-backed securities and collateralized mortgage obligations have varying contractual maturity dates at March 31, 2012. Expected maturities may differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or repayment penalties. An FHLB bond with a maturity date of April, 2014 was called during July 2011.

Securities with unrealized losses at March 31, 2012 and June 30, 2011, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows (in thousands):

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
March 31, 2012						
Description of Securities						
Mortgage-backed (residential)	$ 3,414	$ (6)	$ 0	$ 0	$ 3,414	$ (6)
Collateralized mortgage obligations (residential)	32,744	(200)	0	0	32,744	(200)
Total temporarily impaired	$ 36,158	$ (206)	$ 0	$ 0	$ 36,158	$ (206)
June 30, 2011						
Description of Securities						
Collateralized mortgage obligations (residential)	$ 5,115	$ (95)	$ 0	$ 0	$ 5,115	$ (95)
Total temporarily impaired	$ 5,115	$ (95)	$ 0	$ 0	$ 5,115	$ (95)

The Company evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the Company does not have the intent to sell these securities and it is not more likely than not that it will be required to sell the securities before their anticipated recovery. In analyzing an issuer s financial condition, the Company may consider whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer s financial condition.

At March 31, 2012, nine debt securities had an aggregate unrealized loss of 0.3% of the Company s amortized cost basis. At June 30, 2011, one debt security had an unrealized loss of 0.5% of the Company s amortized cost basis. The unrealized losses relate principally to the general change in interest rates and liquidity, and not credit quality, that has occurred since the securities purchase dates, and such unrecognized losses or gains will continue to vary with general interest rate level fluctuations in the future. As management has the intent and ability to hold debt securities until recovery, which may be maturity, and it is not more likely than not that it will be required to sell the securities before their anticipated recovery, no declines in fair value are deemed to be other-than-temporary as of March 31, 2012 and June 30, 2011.

There were no investments in any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders equity.

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Note 5 Loans

The composition of loans consists of the following (in thousands):

	March 31, 2012	June 30, 2011
Real Estate:		
One-to-four family residential, fixed rate	$ 235,331	$ 229,449
One-to-four family residential, variable rate	81,747	52,619
Multi-family residential, variable rate	279,369	287,808
Commercial real estate, variable rate	89,106	107,961
	685,553	677,837
Consumer:		
Automobile	16,086	18,008
Home equity	855	940
Other consumer loans, primarily unsecured	11,893	10,604
	28,834	29,552
Total loans	714,387	707,389
Deferred net loan origination costs	463	659
Net premium (discounts) on purchased loans	858	(35)
Allowance for loan losses	(7,928)	(11,367)
	$ 707,780	$ 696,646

During the three months ended March 31, 2012, the Bank purchased $13.0 million newly originated adjustable and fixed rate one-to-four family loans at a premium of 2.50%, or $326,000. The purchased loans carried a weighted average interest rate of 3.97% net of servicing fees of 25 basis points and are serviced by an outside servicer. During the nine months ended March 31, 2012, the Bank purchased $47.8 million of newly originated adjustable and fixed rate one-to-four family loans at a premium of 2.22%, or $1.0 million. The purchased loans carried a weighted average interest rate of 4.22% net of servicing fees of 25 basis points and are serviced by an outside servicer. Each purchased loan was underwritten in accordance with the Bank s underwriting standards and met the Bank s residential underwriting requirements. The loans purchased were current at the time of purchase.

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The following is an analysis of the changes in the allowance for loan losses (in thousands):

	Allowance for loan losses for the Three months ended March 31, 2012						
	One-to-four family	Multi-family residential	Commercial real estate	Automobile	Home equity	Other	Total
Balance, beginning of period	$ 5,191	$ 1,572	$ 1,294	$ 58	$ 46	$ 32	$ 8,193
Provision for loan losses	117	(92)	(33)	(16)	21	3	0
Recoveries	0	0	0	19	0	2	21
Loans charged-off	(285)	0	0	0	0	(1)	(286)
Balance, end of period	$ 5,023	$ 1,480	$ 1,261	$ 61	$ 67	$ 36	$ 7,928

	Allowance for loan losses for the Three months ended March 31, 2011						
	One-to-four family	Multi-family residential	Commercial real estate	Automobile	Home equity	Other	Total
Balance, beginning of period	$ 5,932	$ 4,056	$ 2,151	$ 118	$ 13	$ 32	$ 12,302
Provision for loan losses	1,335	(1,204)	(83)	(46)	3	(5)	0
Recoveries	0	0	0	27	0	6	33
Loans charged-off	(481)	0	0	(24)	0	(6)	(511)
Balance, end of period	$ 6,786	$ 2,852	$ 2,068	$ 75	$ 16	$ 27	$ 11,824

	Allowance for loan losses for the Nine months ended March 31, 2012						
	One-to-four family	Multi-family residential	Commercial real estate	Automobile	Home equity	Other	Total
Balance, beginning of period	$ 6,365	$ 2,654	$ 2,254	$ 59	$ 13	$ 22	$ 11,367
Provision for loan losses	844	62	(935)	(54)	54	29	0
Recoveries	104	0	0	82	0	7	193
Loans charged-off	(2,290)	(1,236)	(58)	(26)	0	(22)	(3,632)
Balance, end of period	$ 5,023	$ 1,480	$ 1,261	$ 61	$ 67	$ 36	$ 7,928

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	Allowance for loan losses for the Nine months ended March 31, 2011						
	One-to-four family	Multi-family residential	Commercial real estate	Automobile	Home equity	Other	Total
Balance, beginning of period	$ 7,812	$ 3,643	$ 1,599	$ 185	$ 9	$ 61	$ 13,309
Provision for loan losses	593	(19)	469	(134)	7	34	950
Recoveries	90	0	0	90	0	23	203
Loans charged-off	(1,709)	(772)	0	(66)	0	(91)	(2,638)
Balance, end of period	$ 6,786	$ 2,852	$ 2,068	$ 75	$ 16	$ 27	$ 11,824

At March 31, 2012, non-accrual loans totaled $25.1 million, compared to $26.4 million at June 30, 2011. At March 31, 2012 and June 30, 2011, there were no loans past due more than 90 days and still accruing interest. The difference between the recorded investment and unpaid principal balance of loans relates to accrued interest, net deferred origination costs and net premiums and discounts on purchased loans each of which is immaterial to each loan class.

There was no provision for loan losses for the three and nine months ended March 31, 2012 as compared to no provision for the three months ended March 31, 2011, and $950,000 for the nine months ended March 31, 2011. While the net provision for loan losses was zero for the three months ended March 31, 2012, it was comprised of a $117,000 provision on one-to-four family loans, a $92,000 reduction in provision on multi-family loans, a $33,000 reduction in provision on commercial real estate loans, a $16,000 reduction in provision on automobile loans, a $21,000 provision on home equity loans and a $3,000 provision on other loans. The reduction in provision on multi-family loans was primarily due to a decline in the overall historical peer group loss factors on loans collectively evaluated for impairment and a reduction in the valuation allowance on multi-family loans that were individually evaluated for impairment.

While the net provision for loan losses was zero for the nine months ended March 31, 2012, it was comprised of a $844,000 provision on one-to-four family loans, a $62,000 provision on multi-family loans, a $935,000 reduction in provision on commercial real estate loans, a $54,000 reduction in provision on automobile loans, a $54,000 provision on home equity loans and a $29,000 provision on other loans. The reduction in provision on commercial real estate loans was primarily due to a decline in the overall historical peer group loss factors on loans collectively evaluated for impairment, a decline in the balance of commercial real estate loans collectively evaluated for impairment and a reduction in the valuation allowance on commercial real estate loans that were individually evaluated for impairment.

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The following tables present the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of March 31, 2012 and June 30, 2011 (in thousands):

March 31, 2012	**One-to-four family**	**Multi-family residential**	**Commercial real estate**	**Automobile**	**Home equity**	**Other**	**Total**
Allowance for loan losses:							
Ending allowance balance attributed to loans:							
Individually evaluated for impairment	$ 2,327	$ 150	$ 277	$ 6	$ 37	$ 4	$ 2,801
Collectively evaluated for impairment	2,696	1,330	984	55	30	32	5,127
Total ending allowance balance	$ 5,023	$ 1,480	$ 1,261	$ 61	$ 67	$ 36	$ 7,928

	One-to-four family	**Multi-family residential**	**Commercial real estate**	**Automobile**	**Home equity**	**Other**	**Total**
Loans:							
Individually evaluated for impairment	$ 19,189	$ 2,431	$ 4,234	$ 6	$ 37	$ 4	$ 25,901
Collectively evaluated for impairment	297,889	276,938	84,872	16,080	818	11,889	688,486
Total ending loan balance	$ 317,078	$ 279,369	$ 89,106	$ 16,086	$ 855	$ 11,893	$ 714,387

June 30, 2011	**One-to-four family**	**Multi-family residential**	**Commercial real estate**	**Automobile**	**Home equity**	**Other**	**Total**
Allowance for loan losses:							
Ending allowance balance attributed to loans:							
Individually evaluated for impairment	$ 3,582	$ 1,107	$ 649	$ 0	$ 0	$ 5	$ 5,343
Collectively evaluated for impairment	2,783	1,547	1,605	59	13	17	6,024
Total ending allowance balance	$ 6,365	$ 2,654	$ 2,254	$ 59	$ 13	$ 22	$ 11,367

	One-to-four family	**Multi-family residential**	**Commercial real estate**	**Automobile**	**Home equity**	**Other**	**Total**
Loans:							
Individually evaluated for impairment	$ 18,385	$ 3,089	$ 4,917	$ 0	$ 0	$ 5	$ 26,396
Collectively evaluated for impairment	263,683	284,719	103,044	18,008	940	10,599	680,993
Total ending loan balance	$ 282,068	$ 287,808	$ 107,961	$ 18,008	$ 940	$ 10,604	$ 707,389

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A loan is impaired when it is probable, based on current information and events, the Company will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. When it is determined that a loss is probable, a valuation allowance is established and included in the allowance for loan losses. The amount of impairment is determined by the difference between the recorded investment in the loan and the present value of expected cash flows, or estimated net realizable value of the underlying collateral on collateral dependent loans.

The following tables present loans individually evaluated for impairment by class of loans as of March 31, 2012 and June 30, 2011 (in thousands):

March 31, 2012	**Unpaid Principal Balance**	**Allowance for Loan Losses Allocated**
With no related allowance recorded:		
Real estate loans:		
One-to-four family	$ 5,921	$ 0
Multi-family residential	1,392	0
Commercial real estate	2,646	0
	9,959	0
With an allowance recorded:		
Real estate loans:		
One-to-four family	13,268	2,327
Multi-family residential	1,039	150
Commercial real estate	1,588	277
Other loans:		
Automobile	6	6
Home equity	37	37
Other	4	4
	15,942	2,801
Total	$ 25,901	$ 2,801

June 30, 2011	**Unpaid Principal Balance**	**Allowance for Loan Losses Allocated**
With no related allowance recorded:		
Real estate loans:		
One-to-four family	$ 2,931	$ 0
Multi-family residential	648	0
Commercial real estate	637	0
	4,216	0
With an allowance recorded:		
Real estate loans:		
One-to-four family	15,454	3,582
Multi-family residential	2,441	1,107
Commercial real estate	4,280	649
Other loans:		
Other	5	5
	22,180	5,343

Total	$ 26,396	$ 5,343

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The following table presents monthly average of individually impaired loans by class as of March 31, 2012 and March 31, 2011 (in thousands):

	Three months ended March 31, 2012	Three months ended March 31, 2011		Nine months ended March 31, 2012		2011							
Real estate loan:													
One-to-four family	$ 19,198	$ 20,694	$	18,813		$ 22,055							
Multi-family residential	2,436	2,767		2,854		$		Interest expense	$	$	(6,644)	$	$
Foreign currency hedges (1)	25,713	(14,908)	Cost of products sold		(1,668)		(6,399)		2,112	(790)			
			Other income (expense), net						(599)	4,143			

(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 losses of $3.1 million related to the foreign currency hedges are expected to be realized into earnings in the next twelve months.

Net gains (losses) on derivatives not designated as cash flow hedging instruments, or prior to being designated as cash flow hedging instruments for the quarters and half years ended June 16, 2012 and June 18, 2011, were as follows:

	Classification in Statement of Operations	Quarter Ended June 16, 2012	Quarter Ended June 18, 2011
		(In thousands)	
Foreign currency exchange contracts	Cost of products sold	$ 65	$ (605)
Bunker fuel contracts	Cost of products sold	(1,906)	239
Foreign currency exchange contracts	Other income (expense), net	(9)	
Interest rate swap	Interest expense		(10,889)
		$ (1,850)	$ (11,255)

	Classification in Statement of Operations	Half Year Ended June 16, 2012	Half Year Ended June 18, 2011
		(In thousands)	
Foreign currency exchange contracts	Cost of products sold	$ 236	$ (858)
Bunker fuel contracts	Cost of products sold	(372)	2,812
Foreign currency exchange contracts	Other income (expense), net	32	
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		(18,942)
		$ (104)	$ (45,613)

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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 (liabilities) measured at fair value on a recurring basis:

	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	
	June 16, 2012	December 31, 2011
	(In thousands)	
Assets:		
Foreign currency exchange contracts	$ 6,094	$ 5,632
Bunker fuel contracts	26	1,563
	$ 6,120	$ 7,195
Liabilities:		
Foreign currency exchange contracts	$ (147,542)	$ (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 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 June 16, 2012 which reduced the derivative liability balances. The credit valuation adjustment was $2.6 million at June 16, 2012 and $10.5 million at December 31, 2011. For the half year ended June 16, 2012, the net change in credit valuation adjustment resulted in an unrealized loss of $6.3 million, which was recorded as other income (expense), net. In addition a $1.6 million unrealized loss was recorded in AOCI. For the half year ended June 18, 2011, the net change in credit valuation adjustment resulted in an unrealized gain of $6 million, which was recorded as other income (expense), net. For the quarter ended June 16, 2012, the net change in credit valuation adjustment resulted in an unrealized loss of $1.3 million which was recorded as other income (expense), net in the accompanying condensed consolidated statements of operations. In addition, a $0.3 million unrealized gain was recorded in AOCI. For the quarter ended June 18, 2011, the net change in the credit valuation adjustment resulted in a loss of $1.8 million, which was recorded as other income (expense), net.

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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.

During the second quarter of 2012, $1 million of long-term trade receivables were written down to their estimated fair values based on Level 3 inputs.

The goodwill and indefinite-lived intangible asset impairment analysis was performed in the second quarter of 2012 using a combination of discounted cash flow models and market multiples. The discounted cash flow models used estimates and assumptions including pricing and volume data, anticipated growth rates, profitability levels, tax rates and discount rates. Refer to Note 8 Goodwill and Intangible Assets for additional information.

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 June 16, 2012, guarantees of $10.5 million consisted primarily of amounts advanced under third-party bank agreements to independent growers that supply Dole with product. 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 June 16, 2012, total letters of credit, bank guarantees and bonds outstanding under these arrangements were $177.7 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 $136.2 million of its subsidiaries obligations to their suppliers and other third parties as of June 16, 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.

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

DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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 242 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 50 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 201 lawsuits not included in the Provost & Umphrey settlement, 25 are currently pending in various jurisdictions in the United States. One case in Los Angeles Superior Court, the last remaining lawsuit brought in the United States by Nicaraguan plaintiffs, was dismissed after the Court found that the plaintiffs and their representatives engaged in blatant fraud, witness tampering and active manipulation. On March 11, 2011, the Court issued a final Statement of Decision, followed on March 31, 2011 by a Judgment, that vacates the prior judgment and dismisses all plaintiffs claims with prejudice. Plaintiffs filed a notice of appeal of that judgment on May 6, 2011, and briefing is expected to be completed in the third quarter of 2012. Nine cases were recently filed in Delaware State and Federal courts. Seven of those cases, however, were filed by the same plaintiffs that had filed seven cases in Louisiana Federal Court in 2011, all of which are subject to pending motions for

DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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summary judgment. 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

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

DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

against Dole. On August 11, 2011, the Court overturned its dismissal in response to plaintiffs motion for reconsideration and permitted the filing of a second amended complaint by plaintiffs. The defendants filed motions to dismiss plaintiffs second amended complaint, which have been denied, except that Shell s motions were granted to dismiss certain property damage claims and certain claims based on the allegation that Shell had engaged in ultrahazardous activity. The California Regional Water Quality Control Board is supervising the cleanup on the former Shell site. On March 11, 2011, the Water Board issued a Cleanup and Abatement Order naming Shell as the Discharger and a Responsible Party, and ordering Shell to assess, monitor, and cleanup and abate the effects of contaminants discharged to soil and groundwater at the site. On April 22, 2011, the Water Board sent Dole a letter requiring Dole to supply information concerning ownership, development and activities of the former Shell site, which Dole did on September 15, 2011.

NOTE 15 EARNINGS PER SHARE

	Quarter Ended		Half Year Ended	
	June 16, 2012	June 18, 2011	June 16, 2012	June 18, 2011
	(In thousands, except per share data)			
Income from continuing operations	$ 65,538	$ 82,665	$ 82,715	$ 84,508
Income (loss) from discontinued operations, net of income taxes	1	29	(32)	231
Gain on disposal of discontinued operations, net of income taxes		339		339
Less: Net income attributable to noncontrolling interests	(1,410)	(1,267)	(2,187)	(2,272)
Net income attributable to shareholders of Dole Food Company, Inc.	$ 64,129	$ 81,766	$ 80,496	$ 82,806
Weighted average common shares outstanding Basic	87,760	87,587	87,760	87,580
Diluted effects of stock incentive plan	611	535	543	522
Weighted average common shares outstanding Diluted	88,371	88,122	88,303	88,102
Earnings Per Share Basic				
Income from continuing operations	$ 0.75	$ 0.94	$ 0.94	$ 0.96
Income from discontinued operations, net of income taxes				
Gain on disposal of discontinued operations, net of income taxes				
Less: Net income attributable to noncontrolling interests	(0.02)	(0.01)	(0.02)	(0.01)
Net income attributable to shareholders of Dole Food Company, Inc.	$ 0.73	$ 0.93	$ 0.92	$ 0.95
Earnings Per Share Diluted				
Income from continuing operations	$ 0.74	$ 0.94	$ 0.94	$ 0.96
Income from discontinued operations, net of income taxes				
Gain on disposal of discontinued operations, net of income taxes				
Less: Net income attributable to noncontrolling interests	(0.01)	(0.01)	(0.03)	(0.02)
Net income attributable to shareholders of Dole Food Company, Inc.	$ 0.73	$ 0.93	$ 0.91	$ 0.94

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 16 GUARANTOR FINANCIAL INFORMATION

Dole s 100% owned domestic subsidiaries (Guarantors) have fully and unconditionally guaranteed, on a joint and several basis, Dole s obligations under the indentures related to the 2013 Debentures, the 2014 Notes and the 2016 Notes. Each guarantee is subordinated in right of payment to the Guarantors existing and future senior debt, including obligations under the senior secured credit facilities, and will rank pari passu with all senior subordinated indebtedness of the applicable Guarantor.

The accompanying Guarantor consolidating financial information is presented on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for Dole s share in the subsidiaries cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate to the elimination of investments in 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 and half years ended June 16, 2012 and June 18, 2011; condensed consolidating balance sheets as of June 16, 2012 and December 31, 2011 and condensed consolidating statements of cash flows for the half years ended June 16, 2012 and June 18, 2011.

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

For the Quarter Ended June 16, 2012

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(In thousands)		
Revenues, net	$ 22,231	$ 775,310	$ 1,260,257	$ (339,343)	$ 1,718,455
Cost of products sold	(18,000)	(688,377)	(1,115,101)	336,156	(1,485,322)
Gross margin	4,231	86,933	145,156	(3,187)	233,133
Selling, marketing and general and administrative expenses	(15,977)	(62,486)	(59,806)	3,187	(135,082)
Charges for restructuring and long-term receivables			(1,938)		(1,938)
Gain on sale of assets			1,954		1,954
Operating income (loss)	(11,746)	24,447	85,366		98,067
Equity in subsidiary income	83,396	60,316		(143,712)	
Other income (expense), net			(1,492)		(1,492)
Interest income	614	288	863		1,765
Interest expense	(22,199)	(15)	(8,543)		(30,757)
Income from continuing operations before income taxes and equity earnings	50,065	85,036	76,194	(143,712)	67,583
Income taxes	14,073	(1,787)	(16,253)		(3,967)
Earnings from equity method investments	(9)	110	1,821		1,922
Income from continuing operations, net of income taxes	64,129	83,359	61,762	(143,712)	65,538
Income from discontinued operations, net of income taxes			1		1
Net income	64,129	83,359	61,763	(143,712)	65,539
Less: Net income attributable to noncontrolling interests			(1,410)		(1,410)
Net income attributable to shareholders of Dole Food Company, Inc.	$ 64,129	$ 83,359	$ 60,353	$ (143,712)	$ 64,129

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

For the Quarter Ended June 18, 2011

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(In thousands)		
Revenues, net	$ 24,277	$ 789,054	$ 1,507,761	$ (405,367)	$ 1,915,725
Cost of products sold	(18,986)	(702,800)	(1,338,044)	402,311	(1,657,519)
Gross margin	5,291	86,254	169,717	(3,056)	258,206
Selling, marketing and general and administrative expenses	(13,828)	(57,457)	(62,004)	3,056	(130,233)
Charges for restructuring			(5,947)		(5,947)
Gain on asset sales	11				11
Operating income (loss)	(8,526)	28,797	101,766		122,037
Equity in subsidiary income	104,238	79,850		(184,088)	
Other income (expense), net	(6)		4,343		4,337
Interest income	230	156	780		1,166
Interest expense	(22,702)	(19)	(12,116)		(34,837)
Income (loss) from continuing operations before income taxes and equity earnings	73,234	108,784	94,773	(184,088)	92,703
Income taxes	8,532	(4,684)	(17,366)		(13,518)
Earnings from equity method investments		67	3,413		3,480
Income from continuing operations, net of income taxes	81,766	104,167	80,820	(184,088)	82,665
Income from discontinued operations, net of income taxes			29		29
Gain on disposal of discontinued operations, net of income taxes			339		339
Net income	81,766	104,167	81,188	(184,088)	83,033
Less: Net income attributable to noncontrolling interests			(1,267)		(1,267)
Net income attributable to shareholders of Dole Food Company, Inc.	$ 81,766	$ 104,167	$ 79,921	$ (184,088)	$ 81,766

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

For the Half Year Ended June 16, 2012

	Dole Food Company, Inc.	Guarantors	Non Guarantors (In thousands)	Eliminations	Total
Revenues, net	$ 43,846	$ 1,500,169	$ 2,465,330	$ (664,280)	$ 3,345,065
Cost of products sold	(34,841)	(1,329,720)	(2,234,442)	657,922	(2,941,081)
Gross margin	9,005	170,449	230,888	(6,358)	403,984
Selling, marketing and general and administrative expenses	(30,477)	(121,070)	(117,205)	6,358	(262,394)
Charges for restructuring and long-term receivables			(3,269)		(3,269)
Gain on sale of assets	962		5,195		6,157
Operating income (loss)	(20,510)	49,379	115,609		144,478
Equity in subsidiary income	123,036	78,408		(201,444)	
Other income (expense), net			1,516		1,516
Interest income	633	363	1,618		2,614
Interest expense	(44,489)	(49)	(17,055)		(61,593)
Income from continuing operations before income taxes and equity earnings	58,670	128,101	101,688	(201,444)	87,015
Income taxes	21,826	(6,131)	(23,520)		(7,825)
Earnings from equity method investments		260	3,265		3,525
Income from continuing operations, net of income taxes	80,496	122,230	81,433	(201,444)	82,715
Loss from discontinued operations, net of income taxes			(32)		(32)
Net income	80,496	122,230	81,401	(201,444)	82,683
Less: Net income attributable to noncontrolling interests			(2,187)		(2,187)
Net income attributable to shareholders of Dole Food Company, Inc.	$ 80,496	$ 122,230	$ 79,214	$ (201,444)	$ 80,496

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

For the Half Year Ended June 18, 2011

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(In thousands)		
Revenues, net	$ 46,469	$ 1,550,939	$ 2,778,548	$ (774,127)	$ 3,601,829
Cost of products sold	(36,624)	(1,375,757)	(2,492,284)	767,803	(3,136,862)
Gross margin	9,845	175,182	286,264	(6,324)	464,967
Selling, marketing and general and administrative expenses	(26,671)	(117,705)	(116,911)	6,324	(254,963)
Charges for restructuring			(8,702)		(8,702)
Gain on asset sales	11				11
Operating income (loss)	(16,815)	57,477	160,651		201,313
Equity in subsidiary income	133,778	84,313		(218,091)	
Other income (expense), net	(6)		(35,008)		(35,014)
Interest income	480	403	1,601		2,484
Interest expense	(45,498)	(41)	(24,768)		(70,307)
Income (loss) from continuing operations before income taxes and equity earnings	71,939	142,152	102,476	(218,091)	98,476
Income taxes	10,867	(9,111)	(20,414)		(18,658)
Earnings from equity method investments		292	4,398		4,690
Income from continuing operations, net of income taxes	82,806	133,333	86,460	(218,091)	84,508
Income from discontinued operations, net of income taxes			231		231
Gain on disposal of discontinued operations, net of income taxes			339		339
Net income	82,806	133,333	87,030	(218,091)	85,078
Less: Net income attributable to noncontrolling interests			(2,272)		(2,272)
Net income attributable to shareholders of Dole Food Company, Inc.	$ 82,806	$ 133,333	$ 84,758	$ (218,091)	$ 82,806

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

CONDENSED CONSOLIDATING BALANCE SHEET

As of June 16, 2012

	Dole Food Company, Inc.	Guarantors	Non Guarantors (In thousands)	Eliminations	Total
ASSETS					
Cash and cash equivalents	$ 12,263	$ 3,143	$ 78,710	$	$ 94,116
Restricted cash			555		555
Receivables, net of allowances	102,643	139,692	529,973		772,308
Inventories	8,943	276,933	545,879		831,755
Prepaid expenses and other assets	5,766	12,002	53,484		71,252
Deferred income tax assets		21,978	9,996	(4,515)	27,459
Assets held-for-sale	12,479	3,813	5,296		21,588
Total current assets	142,094	457,561	1,223,893	(4,515)	1,819,033
Investments	2,648,532	1,944,442	101,274	(4,593,874)	100,374
Actively marketed land	74,814				74,814
Property, plant and equipment, net	134,724	268,455	493,058		896,237
Goodwill		131,818	282,148		413,966
Intangible assets, net	689,615	6,023	42,209		737,847
Other assets, net	63,864	20,595	192,383	(7,579)	269,263
Total assets	$ 3,753,643	$ 2,828,894	$ 2,334,965	$ (4,605,968)	$ 4,311,534
LIABILITIES AND EQUITY					
Accounts payable	$ 5,881	$ 167,466	$ 329,976	$	$ 503,323
Accrued liabilities	66,954	163,353	300,592	(4,515)	526,384
Current portion of long-term debt, net	(1,090)	333	9,623		8,866
Notes payable			74,757		74,757
Total current liabilities	71,745	331,152	714,948	(4,515)	1,113,330
Intercompany payables (receivables)	1,396,690	(171,240)	(1,225,450)		
Long-term debt, net	945,996	2,436	603,509		1,551,941
Deferred income tax liabilities	178,100		50,430	(7,579)	220,951
Other long-term liabilities	259,395	23,436	213,658		496,489
Equity attributable to shareholders of Dole Food Company, Inc.	901,717	2,643,110	1,950,764	(4,593,874)	901,717
Equity attributable to noncontrolling interests			27,106		27,106
Total equity	901,717	2,643,110	1,977,870	(4,593,874)	928,823
Total liabilities and equity	$ 3,753,643	$ 2,828,894	$ 2,334,965	$ (4,605,968)	$ 4,311,534

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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	286,295		418,113
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	$ 2,276,397	$ (4,329,179)	$ 4,271,322
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	306,658		541,730
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	695,832		1,081,621
Intercompany payables (receivables)	1,260,604	(88,549)	(1,167,540)	(4,515)	
Long-term debt, net	1,014,113	2,608	624,391		1,641,112
Deferred income tax liabilities	154,011		31,766	(4,100)	181,677
Other long-term liabilities	301,805	22,885	223,801		548,491
Equity attributable to shareholders of Dole Food Company, Inc.	792,504	2,478,334	1,842,230	(4,320,564)	792,504
Equity attributable to noncontrolling interests			25,917		25,917
Total equity	792,504	2,478,334	1,868,147	(4,320,564)	818,421
Total liabilities and equity	$ 3,601,311	$ 2,722,793	$ 2,276,397	$ (4,329,179)	$ 4,271,322

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Half Year Ended June 16, 2012

	Dole Food Company, Inc.	Guarantors	Non Guarantors (In thousands)	Eliminations	Total
OPERATING ACTIVITIES					
Intercompany dividend income	$ 2,000	$	$	$ (2,000)	$
Operating activities	64,873	32,721	(39,869)		57,725
Cash flow provided by (used in) operating activities	66,873	32,721	(39,869)	(2,000)	57,725
INVESTING ACTIVITIES					
Cash received from sales of assets and businesses, net of cash disposed	3,143	62	21,693		24,898
Business acquisitions, net of cash acquired		(15,253)			(15,253)
Capital expenditures	(396)	(15,537)	(18,317)		(34,250)
Restricted cash			5,675		5,675
Other	(716)				(716)
Cash flow provided by (used in) investing activities	2,031	(30,728)	9,051		(19,646)
FINANCING ACTIVITIES					
Short-term debt borrowings (repayments), net	(111)	121	52,098		52,108
Long-term debt borrowings	546,600	270	2,498		549,368
Long-term debt repayments	(616,688)	(1,205)	(25,791)		(643,684)
Dividends paid to noncontrolling interests			(851)		(851)
Intercompany dividends			(2,000)	2,000	
Settlement on long-term Japanese yen hedge forwards			(22,855)		(22,855)
Cash flow provided by (used in) financing activities	(70,199)	(814)	3,099	2,000	(65,914)
Effect of foreign currency exchange rate changes on cash			(397)		(397)
Increase (decrease) in cash and cash equivalents	(1,295)	1,179	(28,116)		(28,232)
Cash and cash equivalents at beginning of period	13,558	1,813	106,977		122,348
Cash and cash equivalents at end of period	$ 12,263	$ 2,992	$ 78,861	$	$ 94,116

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Half Year Ended June 18, 2011

	Dole Food Company, Inc.	Guarantors	Non Guarantors	Eliminations	Total
			(In thousands)		
OPERATING ACTIVITIES					
Cash flow provided by (used in) operating activities	$ 65,026	$ 11,161	$ 782	$	$ 76,969
INVESTING ACTIVITIES					
Cash received from sales of assets and businesses, net of cash disposed	2,519	881	4,596		7,996
Capital expenditures	(41)	(16,995)	(18,910)		(35,946)
Restricted cash and deposits			45,114		45,114
Other	(465)				(465)
Cash flow provided by (used in) investing activities	2,013	(16,114)	30,800		16,699
FINANCING ACTIVITIES					
Short-term debt borrowings (repayments), net	517	4,001	(7,828)		(3,310)
Long-term debt borrowings	163,000		43		163,043
Long-term debt repayments	(168,282)	(157)	(14,536)		(182,975)
Proceeds from stock option exercises	312				312
Dividends paid to noncontrolling interests			(2,250)		(2,250)
Settlement of long-term Japanese yen hedge forwards			(2,212)		(2,212)
Cash flow provided by (used in) financing activities	(4,453)	3,844	(26,783)		(27,392)
Effect of foreign currency exchange rate changes on cash			2,461		2,461
Increase (decrease) in cash and cash equivalents	62,586	(1,109)	7,260		68,737
Cash and cash equivalents at beginning of period	39,080	2,714	128,353		170,147
Cash and cash equivalents at end of period	$ 101,666	$ 1,605	$ 135,613	$	$ 238,884

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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 and half year ended June 16, 2012 were as follows:

Net revenues for the second quarter of 2012 were $1.7 billion, a decrease of 10% from the second quarter of 2011. Excluding the sales from both our German ripening and distribution subsidiary, which was sold during the first quarter of 2012 and our Dole Spain ripening and distribution subsidiary, which was sold in the fourth quarter of 2011 (European divested businesses), as well as sales from SunnyRidge Farms, which was acquired in the fourth quarter of 2011 (berry acquisition), sales were comparable.

Operating income for the second quarter of 2012 was $98 million compared to $122 million in the second quarter of 2011. Earnings decreased in our fresh fruit and packaged foods segments, partially offset by improved results from our fresh vegetables segment.

Fresh fruit operating income decreased primarily as a result of lower banana earnings worldwide, partially offset by higher earnings in our Chilean deciduous fruit business and North America fresh pineapples operations. Lower pricing in North America and Asia were the main drivers of the lower banana performance.

Fresh vegetables operating income increased primarily due to higher earnings of packaged salads and fresh berries, partially offset by lower pricing for fresh-packed vegetables. Packaged salads and fresh berries earnings increased as a result of improved pricing. In addition, fresh berries earnings benefitted from our berry acquisition.

Packaged foods operating income decreased due to higher worldwide product costs and higher marketing expenses in North America to support new frozen fruit products, partially offset by improved pricing worldwide.

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 $23 million, of which $8 million has already been realized in the first half of 2012. The 2011 restructuring initiatives are not expected to have a significant impact on fiscal 2012 revenues. Although first half 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 $15 million of estimated net cash savings are expected to be realized in the remaining two quarters of fiscal 2012. Approximately $14 million of these savings are expected to reduce cost of products sold and $1 million to reduce selling, marketing and general and administrative expenses.

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Non-GAAP Financial Measures

The following is a reconciliation of earnings before interest expense, income taxes and discontinued operations (EBIT before discontinued operations) 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		Half Year Ended	
	June 16, 2012	June 18, 2011	June 16, 2012	June 18, 2011
	(In thousands)			
Net income	$ 65,539	$ 83,033	$ 82,683	$ 85,078
(Income) loss from discontinued operations, net of income taxes	(1)	(29)	32	(231)
Gain on disposal of discontinued operations, net of income taxes		(339)		(339)
Interest expense	30,757	34,837	61,593	70,307
Income taxes	3,967	13,518	7,825	18,658
EBIT before discontinued operations	100,262	131,020	152,133	173,473
Depreciation and amortization from continuing operations	24,907	24,045	48,531	47,398
Net unrealized loss on derivative instruments	2,694	2,281	827	5,894
(Gain) loss on long-term Japanese yen hedges	985	(4,966)	938	22,439
Foreign currency exchange (gain) loss on vessel obligations	(891)	130	503	2,539
Net unrealized (gain) loss on foreign denominated instruments	1,057	555	(2,871)	7,447
Share-based compensation	2,805	2,132	5,654	3,997
Charges for restructuring and long-term receivables	1,938	5,947	3,269	8,702
Loss on early retirement of debt	433	20	433	20
Gain on asset sales	(1,954)	(11)	(6,157)	(11)
Adjusted EBITDA	$ 132,236	$ 161,153	$ 203,260	$ 271,898

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 long-term receivables; (8) adding loss on early retirement of debt; and (9) 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.

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 and half years ended June 16, 2012 and June 18, 2011 were as follows:

	Quarter Ended		**Half Year Ended**	
	June 16, 2012	**June 18, 2011**	**June 16, 2012**	**June 18, 2011**
	(In thousands)			
Revenues, net	$ 1,718,455	$ 1,915,725	$ 3,345,065	$ 3,601,829
Operating income	98,067	122,037	144,478	201,313
Other income (expense), net	(1,492)	4,337	1,516	(35,014)
Interest expense	(30,757)	(34,837)	(61,593)	(70,307)
Income taxes	(3,967)	(13,518)	(7,825)	(18,658)
Net income	65,539	83,033	82,683	85,078
Less: Net income attributable to noncontrolling interests	(1,410)	(1,267)	(2,187)	(2,272)
Net income attributable to shareholders of Dole Food Company, Inc.	64,129	81,766	80,496	82,806

Revenues

Revenues in the quarter ended June 16, 2012 decreased 10% to $1.7 billion from $1.9 billion for the quarter ended June 18, 2011. Excluding second quarter 2011 sales from Dole s European divested businesses of $199 million as well as second quarter 2012 sales from the berry acquisition of $26 million, sales were comparable. Fresh vegetables sales increased $30 million mainly due to higher sales of fresh berries and packaged salads. The increase was partially offset by lower pricing for fresh-packed vegetables. Packaged foods sales increased $19 million primarily due to higher sales in the North America frozen fruit and healthy snack businesses and improved global pricing, partially offset by lower volumes of packaged fruit sold in North America and Europe. Fresh fruit sales decreased $246 million. Excluding second quarter 2011 sales from Dole s European divested businesses, fresh fruit sales decreased $47 million. The decrease is primarily related to lower sales in Europe and lower pricing of bananas in North America and Asia. These factors were partially offset by higher volumes of Asia bananas and higher sales of other fresh fruit sold in Asia. Net unfavorable foreign currency exchange movements in Dole s selling locations resulted in lower revenues of approximately $31 million.

Revenues in the half year ended June 16, 2012 decreased 7% to $3.3 billion from $3.6 billion for the half year ended June 18, 2011. Excluding sales from Dole s European divested businesses of $235 million, as well as half year 2012 sales from the berry acquisition of $41 million, sales decreased 2%. Fresh fruit revenues decreased $78.1 million due primarily to the same factors that impacted sales during the second quarter as well as

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higher volumes of fresh pineapples sold in North America and Asia during the first quarter of 2012. Fresh vegetables sales increased $35.4 million due primarily to the same factors that impacted sales during the second quarter. Packaged foods sales increased $21.1 million due primarily to the same factors that impacted sales during the second quarter. Net unfavorable foreign currency exchange movements in Dole s selling locations resulted in lower revenues of approximately $42 million.

Operating Income

For the quarter ended June 16, 2012, operating income decreased to $98.1 million compared with $122 million for the quarter ended June 18, 2011. Fresh fruit operating income decreased primarily due to lower earnings in Dole s banana operations worldwide, partially offset by higher earnings in Dole s Chilean deciduous fruit business and North America fresh pineapple operations. Packaged foods operating income decreased primarily due to higher product costs worldwide and higher marketing expenditures in the North America frozen fruit operations associated with the introduction of Dole fruit smoothie SHAKERS® and Dole frozen fruit single-serve cups. These factors were partially offset by higher pricing worldwide for packaged fruit products. Fresh vegetables operating income increased due to higher earnings in the packaged salads business and higher earnings in the fresh berries business due to the berry acquisition, partially offset by lower pricing in all major fresh-packed vegetable product lines.

For the half year ended June 16, 2012, operating income decreased to $144.5 million compared with $201.3 million for the half year ended June 18, 2011. Fresh fruit operating income decreased primarily due to the same factors that impacted the second quarter. Packaged foods operating income decreased primarily due to the same factors that impacted the second quarter, except for lower levels of marketing expenditures in North America as prior year first quarter results included additional spending for the introduction of FRUIT BOWLS® in 100% juice and fruit in jars in 100% juice. Fresh vegetables operating income was comparable as lower pricing in all major fresh-packed vegetable product lines were offset by higher earnings of packaged salads and fresh berries.

Other Income (Expense), Net

For the quarter ended June 16, 2012, other income (expense), net was expense of $1.5 million compared to income of $4.3 million in the prior year. The change was primarily due to unrealized losses of $1.5 million recorded during the second quarter of 2012 on Dole s long-term Japanese yen hedges, compared to unrealized gains of $4.8 million recorded in the second quarter of 2011. This factor was partially offset by unrealized gains of $0.9 million generated on Dole s British pound sterling vessel obligation (vessel obligation), compared to unrealized losses of $0.1 million in the prior year.

For the half year ended June 16, 2012, other income (expense), net was income of $1.5 million compared to an expense of $35 million in the prior year. The improvement was primarily due to the absence of $27.4 million of unrealized losses 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 $3.1 million were recorded during the first half of 2012 on Dole s foreign denominated borrowings, compared with unrealized losses of $8.1 million recorded in the first half of 2011. There also was a decrease in unrealized losses of $2.0 million generated on the vessel obligation. These improvements were partially offset by unrealized losses of $0.6 million recorded during the first half of 2012 on the long-term Japanese yen hedges compared with unrealized gains of $4.1 million recorded in the prior year.

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.

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Interest Expense

Interest expense for the quarter ended June 16, 2012 was $30.8 million compared to $34.8 million for the quarter ended June 18, 2011. Interest expense for the half year ended June 16, 2012 was $61.6 million compared to $70.3 million for the half year ended June 18, 2011. Interest expense decreased in both periods 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 $7.8 million of income tax expense on $87 million of pretax income from continuing operations for the half year ended June 16, 2012. Income tax expense included an interest benefit of $3.2 million related to Dole s unrecognized tax benefits. Income tax expense of $18.7 million on $98.5 million of pretax income from continuing operations was recorded for the half year ended June 18, 2011, which included an interest benefit of $2.6 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 half year ended June 16, 2012, Dole s income tax expense differs from the U.S. federal statutory rate applied to Dole s pretax income primarily due to a decrease in Dole s total amount of unrecognized tax benefits of $17 million as a result of the expiration of the statute of limitations concerning certain transfer pricing items. Including interest, net of tax benefits, the total amount recorded for this item was $18.7 million, which was partially offset by an increase in Dole s U.S. federal valuation allowance. For the half year ended June 18, 2011, Dole s income tax expense differed from the U.S. federal statutory rate applied to Dole s pretax income primarily due to operations in foreign jurisdictions that are taxed at a rate lower than the U.S. federal statutory rate. Income tax expense for the half year ended June 18, 2011 also benefitted by $8.4 million, including tax and interest, due to a favorable court ruling in Ecuador relating to a non-U.S. unrecognized tax benefit.

Income tax expense for the quarters ended June 16, 2012 and June 18, 2011 were $4 million and $13.5 million, respectively.

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.

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 not only sells 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 FRUIT BOWLS, 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		Half Year Ended	
	June 16, 2012	June 18, 2011	June 16, 2012	June 18, 2011
	(In thousands)			
Fresh fruit	$ 1,138,546	$ 1,384,313	$ 2,262,201	$ 2,575,283
Fresh vegetables	288,563	258,890	524,484	489,100
Packaged foods	291,248	272,341	558,185	537,121
Corporate	98	181	195	325
	$ 1,718,455	$ 1,915,725	$ 3,345,065	$ 3,601,829

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

	Quarter Ended		Half Year Ended	
	June 16, 2012	June 18, 2011	June 16, 2012	June 18, 2011
	(In thousands)			
Fresh fruit EBIT	$ 88,962	$ 107,634	$ 126,445	$ 173,467
Fresh vegetables EBIT	10,252	5,597	17,286	17,863
Packaged foods EBIT	17,546	25,881	33,805	38,061
Total operating segments EBIT	116,760	139,112	177,536	229,391
Corporate:				
Unrealized loss on cross currency swap				(3,787)
Unrealized gain (loss) on long-term Japanese yen hedges	(1,543)	4,825	(599)	(22,580)
Net unrealized gain (loss) on foreign denominated instruments	(547)	(514)	3,098	(6,434)
Share-based compensation	(1,721)	(1,362)	(3,442)	(2,576)
Loss on early retirement of debt	(433)	(20)	(433)	(20)
Operating and other expenses	(12,254)	(11,021)	(24,027)	(20,521)
Corporate	(16,498)	(8,092)	(25,403)	(55,918)
Interest expense	(30,757)	(34,837)	(61,593)	(70,307)
Income taxes	(3,967)	(13,518)	(7,825)	(18,658)
Income from continuing operations	65,538	82,665	82,715	84,508
Income (loss) from discontinued operations, net of income taxes	1	29	(32)	231
Gain from disposal of discontinued operations, net of income taxes		339		339

Net income	$ 65,539	$ 83,033	$ 82,683	$ 85,078

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Fresh Fruit

Fresh fruit revenues for the quarter ended June 16, 2012 decreased 18% to $1.1 billion from $1.4 billion for the quarter ended June 18, 2011. Excluding second quarter 2011 sales from Dole s European divested businesses of $199 million, fresh fruit revenues decreased 4% mainly due to lower sales in Europe. European sales decreased as a result of lower volumes sold in Eastern Europe, and unfavorable euro and Swedish krona foreign currency exchange movements. Banana sales were comparable as lower pricing in North America and Asia were offset by higher volumes of bananas sold in Asia and Europe. Fresh pineapple sales increased primarily due to improved pricing in Asia. Sales in Asia also increased due to higher pricing and volumes of other fresh fruit. Sales of Chilean deciduous fruit decreased as a result of lower sales volumes partially offset by improved local pricing for grapes and apples. Net unfavorable foreign currency exchange movements in Dole s foreign selling locations resulted in lower revenues of approximately $30 million during the second quarter ended June 16, 2012. Fresh fruit revenues for the half year ended June 16, 2012 decreased 12% to $2.3 billion from $2.6 billion for the half year ended June 18, 2011. Excluding first half 2011 sales from Dole Spain and second quarter 2011 sales from the divested German subsidiary, totaling $235 million, fresh fruit revenues decreased 3%. The decrease in revenues was mainly due to the same factors that impacted sales during the second quarter as well as higher volumes of fresh pineapples sold in North America and Asia during the first quarter of 2012. Net unfavorable foreign currency exchange movements in Dole s foreign selling locations resulted in lower revenues of approximately $41 million during the half year ended June 16, 2012.

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

	Quarter Ended		Half Year Ended	
	June 16, 2012	June 18, 2011	June 16, 2012	June 18, 2011
	(In thousands)			
Charges for restructuring and long-term receivables	$ (1,938)	$ (5,947)	$ (3,269)	$ (8,702)
Unrealized loss on foreign currency and fuel hedges	(3,000)	(1,798)	(1,545)	(629)
Net gain (loss) on long-term Japanese yen hedges	558	141	(339)	141
Foreign currency exchange gain (loss) on vessel obligations	891	(130)	(503)	(2,539)
Net unrealized gain (loss) on foreign denominated instruments	(393)	(99)	(198)	19
Share-based compensation	(648)	(457)	(1,341)	(835)
Gain on asset sales	1,954	11	6,157	11
Total	$ (2,576)	$ (8,279)	$ (1,038)	$ (12,534)

Fresh fruit EBIT for the quarter ended June 16, 2012 decreased $18.6 million to $89 million from $107.6 million for the quarter ended June 18, 2011. Banana EBIT decreased as a result of lower pricing in North America and Asia, partially offset by lower fruit costs from Latin America and lower shipping costs in Europe. The decrease in shipping cost 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 lower equity earnings partially offset by lower levels of general and administrative expenses. EBIT in the Chilean deciduous fruit operations increased primarily as a result of higher pricing and lower fruit costs. Fresh fruit EBIT for the half year ended June 16, 2012 decreased to $126.4 million from $173.5 million for the half year ended June 18, 2011. The decrease in EBIT was mainly due to the same factors that impacted EBIT during the second quarter, except for higher fruit costs from Latin America during the first quarter of 2012.

Fresh Vegetables

Fresh vegetables revenues for the quarter ended June 16, 2012 increased 11% to $ 288.6 million from $258.9 million for the quarter ended June 18, 2011. Fresh berries revenues increased as a result of sales associated with the berry acquisition as well as improved pricing for strawberries. Packaged salads revenues increased as a result of improved pricing. Fresh-packed vegetable revenues decreased as a result of lower pricing

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across all major vegetable product lines despite higher volumes sold. Lower pricing has continued to impact the fresh-packed business in the second quarter due to favorable growing conditions and an abundance of supply. Fresh vegetables revenues for the half year ended June 16, 2012 increased 7% to $524.5 million from $489.1 million for the half year ended June 18, 2011. The increase in revenues was mainly due to the same factors that impacted sales during the second quarter, except for lower pricing for strawberries during the first quarter of 2012. Revenues from the berry acquisition were $25.7 million and $40.9 million for the quarter and half year ended June 16, 2012, respectively. In addition, the year over year comparison for fresh-packed vegetables was impacted by abnormally strong pricing during the first quarter of 2011 associated with product shortages from challenging weather conditions.

Fresh vegetables EBIT for the quarter ended June 16, 2012 increased to $10.3 million from $5.6 million for the quarter ended June 18, 2011. EBIT increased as a result of higher earnings in the fresh berries business as a result of earnings generated from the berry acquisition and improved pricing for strawberries partially offset by higher growing costs. Packaged salads earnings increased as a result of improved pricing and lower product costs due in part to production efficiencies partially offset by higher marketing expenditures. Fresh-packed vegetables earnings were lower as a result of lower pricing. Fresh vegetables EBIT for the half year ended June 16, 2012 decreased slightly to $17.3 million from $17.9 million for the half year ended June 18, 2011. EBIT for the first half of 2012 was impacted by the same factors experienced during the second quarter, except for lower growing costs for strawberries during the first quarter of 2012.

Packaged Foods

Packaged foods revenues for the quarter ended June 16, 2012 increased 7% to $291.2 million from $272.3 million for the quarter ended June 18, 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 in North America and Europe. Packaged foods revenues for the half year ended June 16, 2012 increased 4% to $558.2 million from $537.1 million for the half year ended June 18, 2011. The increase in revenues was mainly due to the same factors that impacted sales during the second, quarter, except for lower volumes of packaged fruit products sold worldwide during the first quarter of 2012.

EBIT in the packaged foods segment for the quarter ended June 16, 2012 decreased to $17.5 million from $25.9 million for the quarter ended June 18, 2011. The decrease in EBIT was due primarily to higher product costs and higher marketing expenses for frozen fruit products partially offset by higher global pricing. The increase in product costs was due in part to higher purchased fruit and growing costs as well as higher tinplate costs. Higher marketing expenses were attributable to the additional spending associated with the introduction of new frozen fruit products. EBIT in the packaged foods segment for the half year ended June 16, 2012 decreased to $33.8 million from $38.1 million for the half year ended June 16, 2012. The decrease in EBIT was primarily due to the same factors that impacted the second quarter, except for lower levels of marketing expenditures in North America as prior year first quarter results included additional spending for the introduction of FRUIT BOWLS in 100% juice and fruit in jars in 100% juice.

Corporate

Corporate EBIT was a loss of $16.5 million for the quarter ended June 16, 2012 compared to a loss of $8.1 million for the quarter ended June 18, 2011. The change in EBIT was primarily due to unrealized losses of $1.5 million recorded during the second quarter of 2012 on the long-term Japanese yen hedges, compared to unrealized gains of $4.8 million recorded in the second quarter of 2011. Corporate EBIT was a loss of $25.4 million for the half year ended June 16, 2012 compared to a loss of $55.9 million for the half year ended June 18, 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

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Japanese yen hedges. In addition, unrealized gains of $3.1 million were recorded during the first half of 2012 on Dole s foreign denominated borrowings, compared with unrealized losses of $6.4 million recorded in the first half of 2011. There improvements were partially offset by higher levels of general and administrative expenses.

Liquidity and Capital Resources

Cash flows provided by operating activities were $57.7 million for the half year ended June 16, 2012, compared to $77 million for the half year ended June 18, 2011. The change was primarily related to lower banana earnings partially offset by lower inventory spending and lower levels of receivables due in part to timing of collections.

Cash flows used in investing activities were $19.6 million for the half year ended June 16, 2012, compared to cash flows provided by investing activities of $16.7 million for the half year ended June 18, 2011. The change was primarily due to the $40.9 million deposit of restricted cash. This deposit was no longer required as a result of the unwind of the cross currency swap in the second quarter of 2011. Excluding this factor, cash flows used in investing activities decreased $4.5 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 used in financing activities was $65.9 million for the half year ended June 16, 2012, compared to $27.4 million for the half year ended June 18, 2011. The change was primarily due to approximately $19 million of higher repayments, net of borrowings, and an increase in settlements related to the long-term Japanese yen hedges of $20.7 million,

As of June 16, 2012, Dole had a cash balance of $94.7 million including $0.6 million of restricted cash and an ABL revolver borrowing base of $330.6 million. There was no outstanding balance under the ABL revolver at June 16, 2012. After taking into account approximately $91.1 million of outstanding letters of credit issued under the ABL revolver, Dole had approximately $239.5 million available for borrowings as of June 16, 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.

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 June 16, 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.

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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 was signed on June 26, 2012 and an EU-Central America (i.e., Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) FTA was signed on June 29, 2012. Both of these FTAs must still be ratified by the European Parliament before they can come into effect, which is expected by early 2013. 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 half year ended June 16, 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 June 16, 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 June 16, 2012. No change in our internal control over financial reporting identified in connection with this evaluation that occurred during our second 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 June 16, 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)

July 26, 2012

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