DOLE FOOD CO INC
Form 10-K
March 12, 2013
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 29, 2012

or

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

For the transition period from to

Commission File Number 1-4455

Dole Food Company, Inc.

(Exact name of Registrant as specified in its charter)

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

One Dole Drive, Westlake Village, California 91362

(Address of principal executive offices)

Registrant s telephone number including area code:

(818) 879-6600

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.001 Par Value	New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ¨ No þ

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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

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

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

As of the end of the company s second fiscal quarter, the approximate aggregate market value of voting and non-voting stock held by non-affiliates of the registrant was $332,407,063.

The number of shares of Common Stock outstanding as of February 28, 2013 was 89,188,518.

DOCUMENTS INCORPORATED BY REFERENCE

None

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DOLE FOOD COMPANY, INC.

FORM 10-K

Fiscal Year Ended December 29, 2012

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PART I

Item 1. ***Business***

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

On September 17, 2012, Dole entered into an acquisition agreement with ITOCHU Corporation (ITOCHU), pursuant to which ITOCHU will buy from Dole its worldwide packaged foods and Asia fresh produce businesses (collectively, Dole Asia) for $1.685 billion in cash. We refer to this transaction as the sale transaction. The sale transaction is expected to close on April 1, 2013. The operations of Dole Asia consist of Dole s Packaged Foods reportable operating segment and the Asia fresh produce business, which is a component of Dole s Fresh Fruit reportable operating segment (Asia Fresh). The results of operations for Dole Asia have been reclassified to discontinued operations for all periods presented in this report.

The consummation of this transformative transaction for Dole will result in a major percentage of Dole s operations being sold to ITOCHU. The new Dole will have a smaller footprint as a commodity produce company with annual revenue in the $4.2 billion range with two lines of business: fresh fruit and fresh vegetables. We will remain an industry leader in the sourcing, distribution and marketing of bananas, pineapples and other tropical fruits, deciduous fruit from Chile and South Africa, packaged salads, fresh-packed vegetables and fresh berries. ITOCHU will have exclusive rights to the DOLE® trademark on packaged food products worldwide and on fresh produce in Asia, Australia and New Zealand, subject to certain exceptions for our existing businesses. Dole will be free, however, to engage in these businesses as long as we do not use the trademarks or brands being transferred or licensed to ITOCHU, except that subject to terms of the acquisition agreement, under the provisions of a two-year noncompetition arrangement, Dole will be restricted for those two years from growing, ripening, procuring, distributing or selling fresh bananas or pineapples in Asia, Australia and New Zealand (except through the companies being sold to ITOCHU), and processing, distributing or selling processed pineapple worldwide (except through the companies being sold to ITOCHU).

Dole s principal executive offices are located at One Dole Drive, Westlake Village, California 91362, telephone (818) 879-6600. Our website address is www.dole.com.

Dole s operations as of December 29, 2012, and its expected operations following the consummation of the sale transaction are described below. For detailed financial information with respect to Dole s business and its operations, see Dole s Consolidated Financial Statements and the related Notes to Consolidated Financial Statements, which are included in this report.

Overview

Dole is currently the world s leading producer, marketer and distributor of fresh fruit and fresh vegetables and, following the sale transaction, will remain a leading company in the industry. We are, and following the sale transaction will continue to be, one of the world s largest producers of bananas and pineapples, and an industry leader in other tropical fruits, deciduous fruit principally from Chile and South Africa, packaged salads, fresh-packed vegetables and fresh berries. Our most significant products hold the number 1 or number 2 positions in their respective markets. For the fiscal year ended December 29, 2012, Dole, as it will continue following the close of the sale transaction, generated revenues of $4.2 billion and operating income of $16.6 million. At December 29, 2012, Dole had total assets of $4.2 billion, including Dole Asia assets of $1.9 billion classified as assets-held-for-sale. The Dole Asia businesses generated revenues of $2.6 billion and net loss of $150 million, which were reported as discontinued operations, for the fiscal year ended December 29, 2012.

We provide, and will continue to provide, wholesale, retail and institutional customers with high quality food products that bear the DOLE® trademarks. The DOLE brand was introduced in 1933 and is one of the most

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recognized brands for fresh and packaged produce in the United States, as evidenced by Dole s 55% unaided consumer brand awareness more than five times that of Dole s nearest competitor, according to a major global research company (Millward Brown, 2012). We utilize product quality, brand recognition, competitive pricing, food safety, nutrition education, customer service and consumer marketing programs to enhance our position within the food industry. Consumer and institutional recognition of the DOLE trademarks and related brands, and the association of these brands with high quality food products contribute, significantly to our leading positions in the markets that we serve.

Dole has built a fully-integrated operating platform as a result of which our nearly 200 products are sourced, grown, processed, marketed and distributed in more than 100 countries. Following the sale transaction, we will maintain this platform in the Americas, Europe and Africa, with approximately 180 products distributed in more than 90 countries. Our products are produced both directly on Dole-owned or leased land and in Dole-owned factories and through associated producer and independent grower arrangements under which we provide varying degrees of farming, harvesting, packing, storing, shipping and marketing services. We use, and will maintain following the sale transaction, an extensive refrigerated supply chain that features a dedicated refrigerated containerized fleet as well as our network of packaging, ripening and distribution centers, to deliver fresh Dole products to market.

Competitive Strengths

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

Strong Global Brand. Consumer and institutional recognition of the DOLE trademark and related brands and the association of these brands with high quality food products contribute significantly to our leading positions in the markets that we serve. By implementing a global marketing program, we have made the distinctive red DOLE letters and sunburst a familiar symbol of freshness and quality recognized around the world.

Market Share Leader. Our most significant products hold the number 1 or number 2 positions in their respective markets. We maintain number 1 market share positions in North American bananas, North American iceberg lettuce, celery and cauliflower, and, prior to the sale transaction, packaged fruit products, including our FRUIT BOWLS®, FRUIT BOWLS in Gel, Fruit Parfaits and fruit in plastic jars.

Valuable Asset Base. We are an asset rich company, which provides significant competitive advantages to our operations and value to our investors. In addition to the DOLE trademark, we have an impressive base of tangible assets. We own 115,000 acres of farms and other land holdings, including approximately 25,000 acres of farm and other land holdings in Oahu, Hawaii. Following the sale transaction, we will continue to own approximately 107,500 acres of farm and other land holdings. We have, and following the sale transaction will maintain, a dedicated refrigerated fleet, which, at year end, included 12,500 refrigerated containers, most of which are leased, and 18 ships, 11 owned, 2 operated under long-term capital leases and 5 chartered. Four of the chartered vessels are under a charter arrangement which will terminate at the end of 2013, and have been subleased to a third party for fiscal 2013. Additionally, as part of the sale transaction, we will enter into a ship usage agreement with ITOCHU for three of our owned ships. We own and operate over 60 ripening and distribution centers in Europe and Asia, and following the sale transaction, will continue to own and operate more than 10 such facilities in Europe. We own and operate over 1.8 million square feet of state-of-the-art vegetable processing facilities, which we will continue to own and operate following the sale transaction. Over 2.7 million square feet of owned manufacturing facilities used in our packaged food business will be sold as part of the sale transaction.

State-of-the-Art Infrastructure. Our production, processing, transportation and distribution infrastructure is state-of-the-art, enabling us to efficiently deliver the highest quality and freshest product to our customers. The investments in our infrastructure, including farms, packing houses, manufacturing facilities and shipping assets, is expected to allow for continued growth in the near term following the

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sale transaction. In addition, our market-leading logistics and distribution capabilities allow us to act as a preferred provider to leading supermarkets and mass merchandisers.

Refrigerated Supply Chain Management. One of our strongest core competencies is our ability to produce, transport and deliver high-quality perishable products. Dole quality starts right on the farm, and that quality is preserved and protected in our farm-to-customer refrigerated supply chain. Our extensive network of cold storage at the farm, on trucks, in containers, on ships and in our distribution centers in the world s market places provides a closed-loop cold storage supply chain that enables the transport of perishable products and is the key to Dole quality and shelf life.

Low-Cost Production Capabilities. Dole s valuable asset base enables us to be a low cost producer in many of our major product lines, including bananas and North American fresh vegetables. Over the last several years we have undertaken various initiatives to achieve and maintain this low-cost position, including investing in automation within our manufacturing facilities as well as on our farms, and leveraging our extensive logistics infrastructure more efficiently. We intend to maintain these low-cost positions through a continued focus on operating efficiency.

Diversity of Sourcing Locations. We are not dependent on any one country for the sourcing of our products. The diversity of our production sources reduces our risk from exposure to natural disasters and political disruptions in any one particular country. We currently source our fresh fruits and vegetables from over 25 countries and distribute products in more than 100 countries. Following the sale transaction, we will maintain this platform in the Americas, Europe and Africa, with approximately 180 products sourced in approximately 15 countries and distributed in more than 90 countries.

Strong Management Team. Our management team has a demonstrated history of delivering strong operating results through disciplined execution, and following the sale transaction will retain a strong operational and corporate management team.

Business Strategy

Key elements of our strategy include:

Continue to Leverage our Strong Brand and Market Leadership Position. Following the sale transaction, we will continue as a fresh produce industry leader in the sourcing, distribution and marketing of bananas, pineapples and other tropical fruits, deciduous fruit principally from Chile and South Africa, packaged salads, fresh-packed vegetables and fresh berries, representing the number 1 or number 2 market positions for many of the fresh fruit and vegetable products we sell in North America. We intend to maintain those positions and continue to expand our leadership in new product areas, in new markets, as well as with new customers. We have a history of leveraging our strong brand to successfully enter, and in many cases become the largest player in value-added food categories.

Supply the finest, high quality healthy and nutritious products, and lead the industry in nutrition research and education. Through the Dole Nutrition Institute, we seek to play a leading role in nutrition education by promoting the health benefits of a plant-based diet. Given the importance of fruit and vegetable consumption in maintaining a healthy weight, nutrition education is key to addressing the global obesity epidemic. Every day new scientific research reveals ways in which fruits and vegetables help prevent and even reverse disease. Improving the eating habits of Americans has been a consistent theme of U.S federal and state policy for a number of years, including most recently, First Lady Michelle Obama s widely promoted campaign to reduce child obesity. Dole is committed to leading the way in expanding the knowledge, growing the foods and marketing the products that will enable people to lead healthier, more vital lives.

Streamline global personnel and corporate structure by right-sizing and delivering synergies within Dole s remaining fresh fruit and vegetables businesses. Following the sale transaction, we intend to continue to focus on profit improvement initiatives and maximizing cash flow by:

Merging back office operations through common IT systems;

Expansion of shared services; and

Focusing capital investments to improve productivity and other operational programs.

Maintain a flexible capital structure to allow us to invest in our core businesses and pursue growth in the commodity produce sector. In light of the competitive fresh produce market conditions, we have and continue to assess our ongoing capital requirements and other near-term funding resources, including our Hawaii land holdings, and are actively marketing the approximately 20,600 acres of land that we are not currently farming in Hawaii on the Island of Oahu. We are seeking to sell as much of this land as we possibly can each year, expecting that it will take a few years to sell such a large quantity of farm and other land holdings. Targeted proceeds are in the $175 $200 million range and may be used to invest in:

Increasing our percent of owned production, particularly in bananas, pineapples and selected berries;

Updating our owned vessel fleet, which has an average age of 21 years; and

Acquisition opportunities in the commodity produce sector.

Business Segments

We currently have three business segments: fresh fruit, fresh vegetables and packaged foods, and after the sale of Dole Asia, we will have two segments: fresh fruit and fresh vegetables. The fresh fruit segment currently contains several operating divisions that produce and market fresh fruit to wholesale, retail and institutional customers worldwide. The fresh vegetables segment produces and markets fresh-packed and value-added vegetables and salads, as well as berries, to wholesale, retail and institutional customers, primarily in North America and Europe. The packaged foods segment contains several operating divisions that produce and market packaged foods including fruit, juices, frozen fruit and healthy snack foods, as described further below under Discontinued Operations.

Fresh Fruit

Our fresh fruit business segment has four primary operating divisions: bananas, fresh pineapples, Europe and Dole Chile. We believe that we are the industry leader in growing, sourcing, shipping and distributing consistently high-quality fresh fruit. The fresh fruit business segment represented approximately 66% of 2012 continuing operations and discontinued operations revenues (consolidated revenues), and the portion of our fresh fruit business segment that will remain following the sale transaction represented approximately 74% of the 2012 revenues of our continuing businesses.

Bananas

We are one of the world s largest producers of bananas, and we grew and sold approximately 156 million boxes of bananas in 2012; our continuing businesses sold approximately 110 million boxes of Dole-sourced bananas in 2012. We sell, and following the sale transaction will continue to sell, most of our bananas under the DOLE brand. We primarily sold bananas to customers in North America, Europe and Asia in fiscal 2012, and will continue to sell bananas to customers in North America and Europe following the sale transaction. We are the number 1 brand of bananas in the U.S. (an approximate 34% market share) and Japan (an approximate 32% market share) and the number 3 provider in Europe (an approximate 7% market share), and expect to continue these positions in the U.S and Europe following the sale transaction. In Latin America, we source our bananas primarily in Honduras, Costa Rica, Ecuador, Colombia, Guatemala and Peru, growing on approximately 32,300 acres of Dole-owned farms and approximately 65,500 acres of independent producers farms. We ship our Latin American bananas to North America and Europe in our refrigerated and containerized shipping fleet. In Asia, we currently source our bananas primarily in the Philippines. Banana sales, other than banana sales by our European subsidiaries, accounted for approximately 37% of our continuing fresh fruit business segment revenues in 2012.

We have continued to expand our focus on higher margin, niche bananas. While the traditional green bananas still comprise the majority of our banana sales, we have successfully introduced niche bananas (e.g.,

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organic). We also have improved the profitability of our banana business by focusing on profitable customer relationships and markets.

While bananas are sold year round, there is a seasonal aspect to the banana business. Banana prices and volumes are typically higher in the first and second calendar quarters before the increased competition from summer fruits.

Over 90% of our total retail banana volume in North America is sold under contract. The contracts are typically one year in duration and help to insulate us from fluctuations in the banana spot market. Our principal competitors in the international banana business are Chiquita Brands International, Inc., Fresh Del Monte Produce Inc. and Fyffes plc.

Fresh Pineapples

In fiscal 2012, we were the number 2 global marketer of fresh pineapples, growing and selling 33 million boxes; our continuing fresh fruit business grew and sold 22 million boxes. Following the sale transaction, we will source our pineapples primarily from Dole-operated farms and independent growers in Latin America and Hawaii. We also currently source pineapples in the Philippines and Thailand, which operations are a part of Dole Asia. Our primary competitor in fresh pineapples is Fresh Del Monte Produce Inc. Pineapple sales, other than pineapple sales by our European subsidiaries, accounted for approximately 6% of our continuing fresh fruit business segment s revenues in 2012.

Europe

Dole performs four activities in Europe, which we will continue after the sale transaction. Our European business distributes DOLE and non-DOLE branded fresh produce in Europe, including bananas and pineapples. This business operates seven ripening and distribution centers in four countries. We provide distribution services dedicated to certain retail chains from a distribution center in Sweden. We produce value-added pre-cut lettuce in two facilities in Sweden and Finland. We also source and export DOLE and non-DOLE branded deciduous and citrus fruit from South Africa serving a worldwide customer structure.

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

In fiscal 2012, Dole s European business accounted for approximately 40% of our continuing fresh fruit business segment s revenues. Our principal competitors in this business are Chiquita Brands International, Inc., Fresh Del Monte Produce Inc., Fyffes plc and Total Produce Plc.

Dole Chile

We began our Chilean operations in 1982 and we are, and following the sale transaction will continue to be, the largest exporter of Chilean fruit. We export deciduous fruits, which include grapes, apples, pears, stone fruit (e.g., peaches, plums, and cherries) and kiwifruit from approximately 600 leased acres and approximately 14,000 contracted acres in Chile, 1,200 contracted acres in Argentina, and 800 contracted acres in Peru. Products are grown and harvested by independent farmers under seasonal contracts; Dole packs and cools the fruit as required. The weather and geographic features of the southern hemisphere are similar to those of the Western United States, with opposite seasons. Accordingly, the harvest is counter-seasonal to that in the northern hemisphere, offsetting the seasonality in our other non-tropical fresh fruit. We primarily export this fruit to North America,

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Latin America and Europe. This business accounted for approximately 10% of our continuing fresh fruit business segment s revenues in 2012.

Fresh Vegetables

Our fresh vegetables business segment produces and markets fresh-packed and value-added vegetables as well as fresh berries. We source fresh vegetables and berries from Dole-owned, leased and contracted farms. Under arrangements with independent growers, we purchase fresh produce at the time of harvest and are generally responsible for harvesting, packing and shipping the product to our central cooling and distribution facilities. Our value-added products are produced in state-of-the-art processing facilities in Yuma, Arizona, Soledad, California, Springfield, Ohio and Bessemer City, North Carolina. The fresh vegetables business segment accounted for approximately 16% of 2012 consolidated revenues, and the fresh vegetable business segment represented approximately 26% of the 2012 consolidated revenues from our continuing businesses.

Fresh-packed Vegetables

We source, harvest, cool, distribute and market more than 20 different types of fresh and fresh-cut vegetables, including iceberg lettuce, red and green leaf lettuce, romaine lettuce, butter lettuce, celery, cauliflower, broccoli, carrots, brussels sprouts, green onions, asparagus, snow peas, artichokes and radishes. Products are grown by independent farmers under seasonal contracts, with harvesting primarily provided by us. Many of our fresh-packed vegetables are packed in the field, reducing handling and increasing product quality. Following the sale transaction, we will sell our fresh-packed vegetables products primarily in North America and, to a lesser extent, in Western Europe. Based on our estimates, we are the largest supplier of iceberg lettuce and celery, and the third largest producer of cauliflower in the U.S. Our primary competitors in this category include: Tanimura & Antle, Duda Farm Fresh Foods, Ocean Mist Farms, and the Nunes Company, Inc. Fresh-packed vegetables revenues accounted for 21% of our fresh vegetables business segment s revenues in 2012.

Fresh Berries

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

Our berry products include strawberries, blueberries, blackberries and raspberries that are sourced throughout North and Latin America, which allows us to take advantage of the various growing seasons to maximize freshness and availability. Berries are grown and harvested from Dole-owned farms and through our independent grower network. Following the sale transaction, we will sell our berries primarily in North America and, to a lesser extent, in Western Europe. Based on our estimates, we are the second largest supplier of strawberries and blueberries in the U.S. Our primary competitors in this category include Driscoll Strawberry Associates, Inc., Naturipe Farms LLC, and Well-Pict Berries, Inc. Revenues from fresh berries accounted for 24% of our fresh vegetables business segment s revenues in 2012.

Value-Added

Our value-added vegetable products include packaged salads and packaged fresh-cut vegetables. We estimate our U.S. unit market share of the packaged salads category was approximately 32% at the end of the 2012 fiscal year. Our growth and market strength has benefitted greatly from our continued focus on quality and innovation in our products and processes. Our products are grown for us under seasonal contracts by growers with whom we have long-standing relationships. Inside our plants, our fresh vegetable ingredients are washed through the use of sanitizing agents, such as chlorinated water. They are packaged and delivered to our customers

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using our strict cold chain standards. We meet or exceed all industry standards, including HACCP (Hazard Analysis and Critical Control Points). Our primary competitors in packaged salads include Chiquita Brands International, Inc. (which markets Fresh Express), Ready Pac Produce, Inc. and Taylor Fresh Foods, Inc. In 2012, value-added products accounted for 55% of the revenues for this segment.

Other Equity-Method Investments

In addition to our 40% equity interest in CF, described above, we have a 30% ownership interest in a U.S. company, Healthy Foods, LLC (Healthy Foods). Healthy Foods produces the yonanas® frozen treat maker.

Discontinued Operations

The Sale Transaction

As a result of the sale transaction, ITOCHU Corporation will buy our worldwide packaged foods business and Asia fresh produce business.

Packaged Foods

The packaged foods segment produces canned pineapple, canned pineapple juice, fruit juice concentrate, fruit in plastic cups, jars and pouches, fruit parfaits, healthy snack foods and frozen fruit. Most of our significant packaged food products hold the number 1 branded market position in North America. In 2012, Dole remained the market leader in the plastic fruit cup category with six of the top twelve items in the category. Fruit for the packaged food products is sourced primarily in the Philippines, Thailand, the United States and China and packed primarily in four Asian canneries, two in Thailand and two in the Philippines. FRUIT BOWLS and other non-canned products accounted for approximately 56% of the segment s 2012 revenues. To keep up with demand for our products, we have made substantial investments in our Asian canneries, significantly increasing our FRUIT BOWLS capacity in the past five years.

Dole s FRUIT BOWLS products, introduced in 1998, have achieved significant market share, as evidenced by their 50% dollar market share in the United States during 2012, as reported by IRI. In late 2010, we introduced FRUIT BOWLS in 100% juice, the only non-refrigerated fruit bowl in 100% juice. In the frozen fruit category, Dole has grown its revenue at a compounded annual growth rate of 5.6% over the past six years. Dole is the branded category leader in frozen fruit. During 2011, Dole introduced two new concepts in the frozen fruit category: Fruit Smoothie SHAKERS® and a three ounce, frozen fruit single serve cup.

During the first quarter of 2012, Dole acquired Mrs. May s Naturals Inc. (Mrs. May s), a company committed to providing consumers with wholesome snacks for a healthier lifestyle. A family-run business founded in 2002, Mrs. May s was created to bring consumers natural, wholesome snack alternatives to junk food, with product offerings like fruit and nut based clusters, bars and freeze-dried fruit. Mrs. May s products have continued to be packaged under the Mrs. May s label.

The packaged foods segment accounted for approximately 18% of Dole s consolidated revenues in fiscal 2012.

Asia Fresh

The Asia fresh produce business has three primary components: bananas, Asian ripening and distribution and fresh pineapples.

Bananas. We believe that the Asia fresh produce business is one of Asia s largest producers of bananas. It produces bananas and papaya from leased land in the Philippines and also sources these products through associated producers or independent growing arrangements in the Philippines. A plastic extruding plant and a box forming plant, both owned by the Asia fresh business, are located near the banana plantations. Bananas are also grown on leased land in Australia. The Asia fresh business also sources products from Japanese farmers through independent growing arrangements. The Asia fresh business sells most of its bananas under the DOLE brand. Traditional green bananas comprise the majority of the banana sales of this business, but it also sells niche bananas (e.g., organic).

Ripening and Distribution. The Asia fresh produce business operates banana ripening and distribution centers in Hong Kong, South Korea, Taiwan, The People s Republic of China, the Philippines and New Zealand.

Fresh Pineapples. The Asia fresh produce business sources pineapples primarily from Dole-operated farms and independent growers in the Philippines and Thailand. It produces and sells several different varieties, including the sweet yellow pineapple. The Asia fresh produce business markets a substantial portion of this fruit under the DOLE TROPICAL GOLD® label. Other varieties of pineapples are also used in packaged products.

The Asia fresh produce business accounted for approximately 19% of our consolidated revenues for fiscal 2012.

Fresh-Cut Flowers

During the second quarter of 2008, Dole approved and committed to a formal plan to divest its fresh-cut flowers business. During the first quarter of 2009, the operations and the majority of the related assets of this business were sold. During 2010, Dole sold a building and a farm located in Colombia. During 2011, Dole sold a warehouse in Miami and also sold a farm in Colombia. During the fourth quarter of 2012, Dole sold a farm in Colombia. The gains associated with these disposals are recorded in gain on disposal of discontinued operations. Refer to Note 9 in the Consolidated Financial Statements for additional information.

Global Logistics

We currently have significant product sourcing and related operations in Chile, China, Costa Rica, Ecuador, Honduras, the Philippines, South Africa, Spain, Thailand and the United States, and following the sale transaction, we will no longer continue to have such operations in the Philippines, Thailand and China. Significant volumes of Dole s products are currently marketed worldwide, and following the sale transaction will continue to be marketed in Canada, Western Europe and the United States, with lesser volumes marketed in other countries in Europe and Central and South America.

The produce that we distribute internationally is transported primarily by 18 owned, leased or chartered ocean-going vessels. We ship our tropical fruit in owned or chartered refrigerated vessels. All of our tropical fruit shipments into the North American and core European markets are delivered using pallets or containers. This increases efficiency and minimizes damage to the product from handling. Most of the vessels are equipped with controlled atmosphere technology, to ensure product quality. Backhauling services, transporting our own and third-party cargo primarily from North America and Europe to Latin America, reduce net transportation costs. We use vessels that are both owned or operated under long-term leases, as well as vessels chartered under contracts that typically last one year. Additionally, following the sale transaction, we will enter into a ship usage agreement for three of our owned ships with ITOCHU.

Customers

Our top 10 customers in 2012 accounted for approximately 34% of, and no individual customer accounted for more than 10%, of total continuing operations revenues. Our customer base is highly diversified, both geographically and in terms of product mix. Each of our segments largest customers accounted for no more than approximately 20% of that segment s revenues in 2012. The largest customers of our continuing businesses in 2012 were leading global and regional mass merchandisers and supermarkets in North America and Europe.

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Sales and Marketing

We sell and distribute our fruit and vegetable products through a network of fresh produce operations in North America, Europe, Asia and Latin America, and following the sale transaction, will continue these operations in North America, Europe and Latin America. Some of these operations involve the sourcing, distribution and marketing of fresh fruits and vegetables while others involve only distribution and marketing. We have regional sales organizations dedicated to servicing major retail and wholesale customers. We also use the services of brokers in certain regions, including for some sales of packaged fruit products and packaged salads. Retail customers include large chain stores with which Dole enters into product and service contracts, typically for a one- or two-year term. Wholesale customers include large distributors in regions including North America and Europe. We use consumer advertising, marketing and trade spending to promote new items, bolster our exceptional brand awareness and promote nutrition knowledge.

Competition

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

Employees

Following the sale transaction, Dole is expected to have approximately 15,600 full-time permanent employees and 9,400 full-time seasonal or temporary employees, worldwide. At December 29, 2012, we had approximately 34,800 full-time permanent employees and 40,000 full-time seasonal or temporary employees, worldwide. Approximately 45% of our employees that will remain with Dole following the sale transaction, and 34% of our employees as of December 29, 2012, work under collective bargaining agreements, some of which are in the process of being renegotiated. Some other bargaining agreements are scheduled to expire during 2013, subject to automatic renewal unless a notice of non-extension is given by the union or us. We have not received any notice that a union intends not to extend a collective bargaining agreement. We believe our relations with our employees are generally good.

Trademark Licenses

The Sale Transaction

Upon consummation of the sale transaction, we will enter into a trademark rights agreement with ITOCHU. Under the agreement, we will grant the subsidiaries being sold certain perpetual, irrevocable and royalty-free exclusive and non-exclusive licenses of trademarks, trade names and trade dress rights that we will retain following the consummation of the sale transaction and that are used in the businesses to be sold, including exclusive rights to the DOLE brand in connection with packaged products, as defined, worldwide and fresh products, as defined, in Asia, Australia and New Zealand. The agreement also provides that we will retain certain perpetual, irrevocable and royalty-free non-exclusive licenses of trademarks, trade names and trade dress rights that will be assets of the companies to be sold and that we use in our businesses other than the businesses to be sold. The exclusive licenses granted by us under this agreement cover the use of the retained trademarks, trade names and trade dress rights with specified fresh produce in Asia, Australia and New Zealand and with specified packaged products throughout the world. We will also grant to the subsidiaries to be sold certain non-exclusive licenses to certain retained trademarks, trade names and trade dress rights for use with specified packaged products that are not part of the worldwide

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packaged foods business and that are being retained by us and specified fresh produce that is sold by the Asia fresh business in certain countries outside of Asia, Australia and New Zealand, subject to certain limited exceptions. We will retain under this agreement certain non-exclusive rights to use the trademarks, trade names and trade dress rights that will be assets of the subsidiaries to be sold with certain fresh produce and packaged products that are currently sold or distributed by businesses or affiliates of ours other than the businesses to be sold. We and ITOCHU agreed that our respective use of the trademarks that will be the subject of this agreement will be in compliance with specified brand equity principles established by us.

Dole will be free, however, to engage in the packaged foods business worldwide and in the fresh produce business in Asia, Australia and New Zealand, as long as we do not use the trademarks or brands being transferred or licensed to ITOCHU, except that subject to terms of the acquisition agreement, under the provisions of a two-year noncompetition arrangement, Dole will be restricted for those two years from growing, ripening, procuring, distributing or selling fresh bananas or pineapples in Asia, Australia and New Zealand (except through the companies being sold to ITOCHU), and processing, distributing or selling processed pineapple worldwide (except through the companies being sold to ITOCHU). In addition, for a period of two years following the consummation of the sale transaction, we have agreed that we will not encourage any employee of the companies being sold to ITOCHU to terminate his or her employment with such company or solicit or hire any such employee.

In connection with the sale of the majority of our juice business to Tropicana Products, Inc. in May 1995, we received cash payments up front and granted Tropicana a license, requiring no additional future royalty payments, to use certain DOLE trademarks on certain beverage products. We produce and market DOLE canned pineapple juice and pineapple juice blend beverages, which were not part of the 1995 sale, but are part of the sale transaction. We have a number of additional license arrangements worldwide, none of which is material to Dole and its subsidiaries, taken as a whole.

Research and Development

Our research and development programs concentrate on sustaining the productivity of our agricultural lands, food safety, nutrition science, product quality, value-added product development, and packaging design. Agricultural research is directed toward sustaining and improving product yields and product quality by examining and improving agricultural practices in all phases of production (such as development of specifically adapted plant varieties, land preparation, fertilization, cultural practices, pest and disease control, post-harvesting, handling, packing and shipping procedures), and includes on-site technical services and the implementation and monitoring of recommended agricultural practices. Research efforts are also directed towards integrated pest management and biological pest control. We develop specialized machinery for various phases of agricultural production and packaging that reduce labor costs, increase efficiency and improve product quality. Following the sale transaction, we will continue to conduct agricultural research at field facilities primarily in California, Hawaii and Latin America. Our research at the Dole Nutrition Research Lab in Kannapolis, North Carolina, investigates both basic science as well as the next frontier in phytochemical research. We also sponsor research related to environmental improvements and the protection of worker and community health. The aggregate amounts we spent on research and development in each of the last three years have not been material in any of such years.

Food Safety

Dole is undertaking strong measures to improve food safety. We spearheaded the industry-wide Leafy Greens Marketing Agreements in California and Arizona. We developed and adopted enhanced Good Agricultural Practices, which include raw material testing in the fields, expanded buffer zones and increased water testing. We also use radio-frequency identification (RFID) tags to track leafy greens as they move from fields to trucks and through processing.

Dole salad plants are sanitized and inspected daily. We wash our leafy greens three times in chlorinated water. All of Dole s U.S. salad plants are SQF 2000, Level 2 certified.

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Corporate Responsibility and Sustainability

Dole embraces the values of Corporate Responsibility & Sustainability (CR&S), and we seek to advance these values through our own operations and activities as well as through emphasizing the importance of these values to our independent suppliers. Our CR&S strategy is based on a holistic approach, assessing the social, environmental and economic dimensions related directly or indirectly to our operations and activities.

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

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

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

- Avoid higher costs, particularly those related to the use of inputs produced with fossil fuel derivatives;
- Anticipate new and upcoming legal and/or market-driven requirements;
- Anticipate the operational risk linked to changes in climatic conditions and to increased water scarcity as well as soil depletion; and
- Reduce the exposure to social risk through the implementation of socially and environmentally friendly practices.

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

- Carbon Footprint and Energy Use;
- Water Management;
- Soil Conservation; and
- Packaging and Waste Management.

Addressing these pillars has a direct impact on all three dimensions: social, environmental and economic. By undertaking practices and projects consistent with these four pillars, Dole seeks to address the challenges of our operations and industry in a pro-active and responsible manner.

Environmental and Regulatory Matters

Our agricultural operations are subject to a broad range of evolving environmental laws and regulations in each country in which we operate. In the United States, these laws and regulations include the Food Quality Protection Act of 1996, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act,

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the Federal Insecticide, Fungicide and Rodenticide Act and the Comprehensive Environmental Response, Compensation and Liability Act.

Compliance with these foreign and domestic laws and related regulations is an ongoing process that is not expected to have a material effect on our capital expenditures, earnings or competitive position. Environmental concerns are, however, inherent in most major agricultural operations, including those conducted by us, and there can be no assurance that the cost of compliance with environmental laws and regulations will not be material. Moreover, it is possible that future developments, such as increasingly strict environmental laws and enforcement policies thereunder, including those driven by concerns about climate change, and further restrictions on the use of agricultural chemicals, could result in increased compliance costs.

Our food operations are also subject to regulations enforced by, among others, the U.S. Food and Drug Administration and state, local and foreign counterparts and to inspection by the U.S. Department of Agriculture and other federal, state, local and foreign environmental, health and safety authorities. The U.S. Food and Drug Administration enforces statutory standards regarding the labeling and safety of the food products we sell, establishes ingredients and manufacturing procedures for certain foods, establishes standards of identity for foods and determines the safety of food substances in the United States. Similar functions are performed by state, local and foreign governmental entities with respect to food products produced or distributed in their respective jurisdictions.

In the United States, portions of our fresh fruit and vegetable farm properties are irrigated by surface water supplied by local government agencies using facilities financed by federal or state agencies, as well as from underground sources. Water received through federal facilities is subject to acreage limitations under the 1982 Reclamation Reform Act. Worldwide, the quantity and quality of water supplies varies depending on weather conditions and government regulations. We believe that under normal conditions these water supplies are adequate for current production needs.

Legal Proceedings

See Item 3, Legal Proceedings, in this Form 10-K.

Trade Issues

Our foreign operations are subject to risks of expropriation, civil disturbances, political unrest, increases in taxes and other restrictive governmental policies, such as import quotas. Loss of one or more of our foreign operations could have a material adverse effect on our operating results. We strive to maintain good working relationships in each country in which we operate. Because our operations are a significant factor in the economies of some countries, our activities are subject to intense public and governmental scrutiny and may be affected by changes in the status of the host economies, the makeup of the government or public opinion in a particular country.

Under the World Trade Organization Geneva Agreement on Trade in Bananas reached in 2009, 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 euros per metric ton on January 1, 2017 or January 1, 2019 (the 2019 date applies if no further trade agreements are reached in the ongoing Doha Development Agenda global trade discussions). Bananas from African, Caribbean, and Pacific countries may be imported to the EU duty-free.

In addition, the EU has negotiated several free trade areas agreements (FTA) that will allow for an even lower import tariff on specified volumes of banana exports from certain countries. An EU-Colombia-Peru FTA 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. The EU and Peru have fully ratified their respective

FTA, but Colombia is still pursuing its internal ratification process. On February 28, 2013, the European Council approved provisional entry into force of the FTA for Peru; the EU-Colombia-Peru FTA is expected to be fully ratified by Colombia and come into force within the next few months. The ratification of the EU-Central American FTA is also ongoing and is similarly expected to come into force sometime during 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 the specific dates when these FTAs will come into force or if Ecuador will be successful in negotiating similar trade terms with the EU for Ecuadorian bananas.

Seasonality

Our sales volumes remain relatively stable throughout the year. We experience seasonal earnings characteristics, predominantly in the fresh fruit segment, because fresh fruit prices traditionally are lower in the second half of the year, when summer fruits are in the markets. Our packaged foods segment experiences peak demand during some well-known holidays and observances, but the impact is less than in the fresh-fruit segment and will no longer apply to Dole following the sale transaction.

Item 1A. *Risk Factors*

RISK FACTORS

In addition to the various risks described elsewhere in this Form 10-K, you should carefully consider the following risk factors. The risks described below apply to our business as currently conducted, including the worldwide packaged foods business and the Asia fresh business (until the sale transaction closes (expected April 1, 2013), these risks will continue to apply to us) and, as identified below, to our remaining business as it will be conducted after the consummation of the sale transaction. When the sale transaction is consummated, we will have two lines of business, fresh fruit and fresh vegetables, and our operations will no longer include our worldwide packaged foods business or our Asia fresh business. Our fresh vegetables line of business will not be impacted by the sale transaction. However, as a result of the sale of our Asia fresh business, our fresh fruit business line will be smaller than at present. ITOCHU will have exclusive rights to the DOLE® trademark on packaged food products worldwide and on fresh produce in Asia, Australia and New Zealand, subject to certain exceptions for our existing businesses. Dole will be free, however, to engage in these businesses as long as we do not use the trademarks or brands being transferred or licensed to ITOCHU, except that subject to terms of the acquisition agreement, under the provisions of a two-year noncompetition arrangement, Dole will be restricted for those two years from growing, ripening, procuring, distributing or selling fresh bananas or pineapples in Asia, Australia and New Zealand (except through the companies being sold to ITOCHU), and processing, distributing or selling processed pineapple worldwide (except through the companies being sold to ITOCHU).

The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known or that we have assessed in our risk assessment process or that we currently believe to be less significant may also adversely affect us.

Adverse weather conditions, natural disasters, crop disease, pests and other natural conditions can impose significant costs and losses on our business.

Fresh produce is vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are quite common but difficult to predict and may be influenced by global climate change. Unfavorable growing conditions can reduce both crop size and crop quality. This risk is particularly true with respect to regions or countries from which we source a significant percentage of our products. In extreme cases, entire harvests may be lost in some geographic areas. These factors can increase costs, decrease revenues and lead to additional charges to earnings, which may have a material adverse effect on our business, results of operations and financial condition.

Fresh produce is also vulnerable to crop disease and to pests, which may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climatic conditions. For example, black sigatoka is a fungal disease that affects banana cultivation in most areas where they are grown commercially. The costs to control this disease and other infestations vary depending on the severity of the damage and the extent of the plantings affected. Moreover, there can be no assurance that available technologies to control such infestations will continue to be effective. These infestations can increase costs, decrease revenues and lead to additional charges to earnings, which may have a material adverse effect on our business, results of operations and financial condition.

These risks will be different after the consummation of the sale transaction, as we no longer will be subject to such risks relating to the businesses being sold. As a result of these same facts, however, the remaining businesses will be less diversified geographically, and adverse weather conditions and other similar facts affecting those areas where our remaining businesses concentrate their production could therefore have a greater relative impact on our businesses after consummation of the sale transaction.

Our business is highly competitive and we cannot assure you that we will maintain our current market share.

Many companies compete in our different businesses. However, only a few well-established companies operate on both a national and a regional basis with one or several branded product lines. We face strong competition from these and other companies in all our product lines.

Important factors with respect to our competitors include the following:

- Some of our competitors may have greater operating flexibility and, in certain cases, this may permit them to respond better or more quickly to changes in the industry or to introduce new products and packaging more quickly and with greater marketing support.

- Many of our product lines compete with imports, private label products and fresh alternatives. This risk will no longer be operative with respect to the businesses being sold when the sale transaction is consummated.

We cannot predict the pricing or promotional actions of our competitors or whether those actions will have a negative effect on us. There can be no assurance that we will continue to compete effectively with our present and future competitors. See Item 1 Business.

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

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

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

In addition, general public perceptions regarding the quality, safety or health risks associated with particular food products could reduce demand and prices for some of our products. To the extent that consumer preferences

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

When the sale transaction is consummated, we no longer will be subject to these risks to the extent they relate to the businesses being sold, but our remaining risks in relation to these factors will be less diversified geographically and by product line, and could therefore have a greater relative impact on our businesses remaining after consummation of the sale transaction.

Our earnings are subject to seasonal variability.

Our earnings may be affected by seasonal factors, including:

- the seasonality of our supplies and consumer demand;
- the ability to process products during critical harvest periods; and
- the timing and effects of ripening and perishability.

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

When the sale transaction is consummated, we no longer will be subject to these risks to the extent they relate to the businesses being sold, but our remaining risks in relation to these factors will be less diversified geographically and by product line, and could therefore have a greater relative impact on our businesses remaining after consummation of the sale transaction.

Currency exchange fluctuations may impact the results of our operations.

Our nearly 200 products are sourced, grown, processed, marketed and distributed in more than 100 countries throughout the world; following the sale transaction, we will have approximately 180 products distributed in more than 90 countries. Our international sales are usually transacted in U.S. dollars, and European currencies. Our results of operations are affected by fluctuations in currency exchange rates in both sourcing and selling locations. Although we enter into foreign currency exchange forward contracts from time to time to reduce our risk related to currency exchange fluctuation, our results of operations may still be impacted by foreign currency exchange rates, primarily, after the sale transaction, the euro-to-U.S. dollar exchange rate. Dole estimates that a 10% strengthening of the U.S. dollar relative to the euro would lower operating income by approximately $15 million, excluding the impact of foreign currency exchange hedges. Because we do not hedge against all of our foreign currency exposure, our business will continue to be susceptible to foreign currency fluctuations.

When the sale transaction is consummated, we no longer will be subject to these risks to the extent they relate to fluctuation of currency exchange rates applicable to the businesses being sold, but our remaining currency exchange rate fluctuation risks will be less diversified geographically, and could therefore have a greater relative impact on our businesses remaining after consummation of the sale transaction since we will be more concentrated in certain countries.

Increases in commodity or raw product costs, such as fuel and paper could adversely affect our operating results.

Many factors may affect the cost and supply of fresh produce, including external conditions, commodity market fluctuations, currency fluctuations, changes in governmental laws and regulations, agricultural programs, severe and prolonged weather conditions and natural disasters. Increased costs for purchased fruit and vegetables have in the past negatively impacted our operating results, and there can be no assurance that they will not adversely affect our operating results in the future.

The price of various commodities can significantly affect our costs. For example, the price of bunker fuel used in shipping operations, including fuel used in ships that we own or charter, is an important variable component of transportation costs. Our fuel costs have increased substantially in recent years, and there can be no assurance that there will not be further increases in the future. In addition, fuel and transportation cost is a significant component of the price of much of the produce that we purchase from growers or distributors, and there can be no assurance that we will be able to pass on to our customers the increased costs we incur in these respects.

The cost of paper is also significant to us because some of our products are packed in cardboard boxes for shipment. If the price of paper increases and we are not able to effectively pass these price increases along to our customers, then our operating income will decrease. Increased costs for paper have in the past negatively impacted our operating income, and there can be no assurance that these increased costs will not adversely affect our operating results in the future.

When the sale transaction is consummated, we no longer will be subject to the risk related to the pricing of commodities used in our packaged foods businesses, especially tinplate, but our remaining risks related to commodity and raw material pricing will be less diversified, and could therefore have a greater relative impact on our businesses remaining after consummation of the sale transaction.

We face risks related to our former use of the pesticide DBCP.

We formerly used dibromochloropropane, (DBCP), a nematocide that was used by growers on a variety of crops throughout the world. The registration for DBCP with the U.S. government was cancelled in 1979 based in part on an apparent link to male sterility among chemical factory workers who produced DBCP. There are a number of pending lawsuits in the United States and other countries against the manufacturers of DBCP and the growers, including us, who used it in the past. The cost to defend these lawsuits, and the costs to pay any judgments or settlements resulting from these lawsuits, or other lawsuits which might be brought, could have a material adverse effect on our business, financial condition or results of operations. See Note 18 to our Consolidated Financial Statements.

The use of herbicides and other potentially hazardous substances in our operations may lead to environmental damage and result in increased costs to us.

We use herbicides and other potentially hazardous substances in the operation of our business. We may have to pay for the costs or damages associated with the improper application, accidental release or the use or misuse of such substances. Our insurance may not be adequate to cover such costs or damages or may not continue to be available at a price or under terms that are satisfactory to us. In such cases, payment of such costs or damages could have a material adverse effect on our business, results of operations or financial condition. When the sale transaction is consummated, we no longer will be subject to these risks to the extent they relate to operations in the businesses being sold.

We face other risks in connection with our international operations.

Our operations are heavily dependent upon products grown, purchased and sold internationally. In addition, our operations are a significant factor in the economies of many of the countries in which we operate, increasing our visibility and susceptibility to legal or regulatory changes. These activities are subject to risks that are inherent in operating in foreign countries, including the following (see Management s Discussion and Analysis of Financial Condition and Results of Operation Other Matters):

- foreign countries could change laws and regulations or impose currency restrictions and other restraints;

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- in some countries, there is a risk that the government may expropriate assets;
- some countries impose burdensome tariffs and quotas;
- political changes and economic crises may lead to changes in the business environment in which we operate;
- international conflict, including terrorist acts, could significantly impact our business, financial condition and results of operations;
- economic sanctions may be imposed on some countries, which could disrupt the markets for products we sell, even if we do not sell into the target country;
- in some countries, our operations are dependent on leases and other agreements; and
- economic downturns, political instability and war or civil disturbances may disrupt production and distribution logistics or limit sales in individual markets.

When the sale transaction is consummated, we no longer will be subject to these risks to the extent they relate to the businesses being sold.

In 2005, we received a tax assessment from Honduras of approximately $137 million (including the claimed tax, penalty, and interest through the date of assessment) relating to the disposition of all of our interest in Cervecería Hondureña, S.A. in 2001. We have been contesting the tax assessment. Dole and the Honduran government are discussing the terms and conditions of a final resolution of the pending lawsuits and tax-related matters. See Note 18 to our Consolidated Financial Statements.

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

The European Commission (EC) issued a decision (the Decision) imposing a 45.6 million fine against Dole and its German subsidiary on October 15, 2008. On December 24, 2008, we appealed the Decision by filing an Application for Annulment, or Application, with the European General Court. The General Court has given notice that its decision will be issued on March 14, 2013, which Dole believes could result in a possible resolution of this matter.

On December 3, 2008, the EC agreed in writing that if Dole made an initial payment of $10 million (7.6 million) to the EC on or before January 22, 2009, then the EC would stay the deadline for a provisional payment, or coverage by a prime bank guaranty, of the remaining balance (plus interest as from January 22, 2009), until April 30, 2009. Dole made this initial $10 million payment on January 22, 2009, and Dole provided the required bank guaranty for the remaining balance of the fine to the EC by the deadline of April 30, 2009.

We believe that we have not violated the European competition laws and that the Application has substantial legal merit, both for an annulment of the Decision and fine in their entirety, or for a substantial reduction of the fine, but no assurances can be given that we will be successful on appeal. Furthermore, the ultimate resolution of these items could materially impact our results of operations or financial condition. We cannot predict the outcome of our appeal of the EC s Decision. See Note 18 to our Consolidated Financial Statements.

The global economic downturn could result in a decrease in our sales and revenue, which could adversely affect the results of our operations, and we cannot predict the extent or duration of these trends.

As a result of the global economic downturn, consumers may reduce their purchases and seek value pricing, which may affect sales and pricing of some of our products. Such trends could adversely affect the results of our operations and there can be no assurance whether or when consumer confidence will return and a solid, long-term recovery ensue.

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Global capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing and disrupt the operations of our suppliers and customers.

The global capital and credit markets have experienced volatility and disruption over the past several years, sometimes making it difficult for companies to access those markets. We depend in part on stable, liquid and well-functioning capital and credit markets to fund our operations. Although we believe that our operating cash flows, access to capital and credit markets and existing revolving credit agreement will permit us to meet our financing needs for the foreseeable future, there can be no assurance that continued or increased volatility and disruption in the capital and credit markets will not impair our liquidity or increase our costs of borrowing. Our business could also be negatively impacted if our suppliers or customers experience disruptions resulting from tighter capital and credit markets.

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

When the sale transaction is consummated, these risks are likely to be of reduced significance because we will have significantly less debt and accordingly will be less susceptible than at present to the disruptions and volatility in the capital and credit markets.

The global economic downturn may have other impacts on participants in our industry, which cannot be fully predicted.

The full impact of the global economic downturn on customers, vendors and other business partners cannot be anticipated. For example, major customers or vendors may have financial challenges unrelated to us that could result in a decrease in their business with us or, in extreme cases, cause them to file for bankruptcy protection. Similarly, parties to contracts may be forced to breach their obligations under those contracts. Although we exercise prudent oversight of the credit ratings and financial strength of our major business partners and seek to diversify our risk to any single business partner, there can be no assurance that there will not be a bank, insurance company, supplier, customer or other financial partner that is unable to meet its contractual commitments to us. Similarly, stresses and pressures in the industry may result in impacts on our business partners and competitors that could have wide ranging impacts on the future of the industry. When the sale transaction is consummated, we no longer will be subject to these risks to the extent they relate to the businesses being sold, but the remaining risks related to these factors will be less diversified, and could therefore have a greater relative impact on our businesses remaining after consummation of the sale transaction.

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

Terrorist attacks, such as the attacks that occurred in New York and Washington, D.C. on September 11, 2001, the subsequent response by the United States in Afghanistan, Iraq and other locations, and other acts of violence or war in the United States or abroad may affect the markets in which we operate and our operations and profitability. From time to time in the past, our operations or personnel have been the targets of terrorist or criminal attacks, and the risk of such attacks impacts our operations and results in increased security costs. Further terrorist attacks against the United States or operators of United States-owned businesses outside the United States may occur, or hostilities could develop based on the current international situation. The potential near-term and long-term effect these attacks may have on our business operations, our customers, the markets for our products, the United States economy and the economies of other places in which we source or sell our products is uncertain. The consequences of any terrorist attacks, or any armed conflicts, are unpredictable, and we may not be able to foresee events that could have an adverse effect on our markets or our business. When the sale transaction is consummated, we no longer will be subject to these risks to the extent they relate to the

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businesses being sold, but our remaining risks related to these factors will be less diversified geographically, and could therefore have a greater relative impact on our businesses remaining after consummation of the sale transaction.

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

Our operations are subject to a broad range of foreign, federal, state and local environmental, health and safety laws and regulations, including laws and regulations governing the use and disposal of pesticides and other chemicals. These regulations directly affect day-to-day operations, and violations of these laws and regulations can result in substantial fines or penalties. There can be no assurance that these fines or penalties would not have a material adverse effect on our business, results of operations and financial condition. To maintain compliance with all of the laws and regulations that apply to our operations, we have been and may be required in the future to modify our operations, purchase new equipment or make capital improvements. Further, we may recall a product (voluntarily or otherwise) if we or the regulators believe it presents a potential risk. In addition, we have been and in the future may become subject to lawsuits alleging that our operations and products caused personal injury or property damage.

We are subject to the risk of product contamination and product liability claims.

The sale of food products for human consumption involves the risk of injury to consumers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling or transportation phases. We have from time to time been involved in product liability lawsuits, none of which were material to our business. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, we cannot be sure that consumption of our products will not cause a health-related illness in the future or that we will not be subject to claims or lawsuits relating to such matters. For example, in the fall of 2006, a third party from whom we and others had purchased spinach products recalled certain packaged fresh spinach due to contamination by *E. coli* O157:H7. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our corporate and brand image. Moreover, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. We maintain product liability insurance, however, we cannot be sure that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage.

We are subject to transportation risks.

An extended interruption in our ability to ship our products could have a material adverse effect on our business, financial condition and results of operations. Similarly, any extended disruption in the distribution of our products could have a material adverse effect on our business, financial condition and results of operations. While we believe we are adequately insured and would attempt to transport our products by alternative means if we were to experience an interruption due to strike, natural disasters or otherwise, we cannot be sure that we would be able to do so or be successful in doing so in a timely and cost-effective manner.

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

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

United States and abroad. Acts or omissions by these companies over which we have no control may also have such adverse effects. When the sale transaction is consummated, these risks may increase, since the sale transaction will result in our licensing or otherwise transferring significant intellectual property rights related to the DOLE brand to ITOCHU, which is an unaffiliated company.

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

As of December 29, 2012, approximately 34% of our employees worldwide worked under various collective bargaining agreements. We cannot give assurance that we will be able to negotiate these or other collective bargaining agreements on the same or more favorable terms as the current agreements, or at all, and without production interruptions, including labor stoppages. A prolonged labor dispute, which could include a work stoppage, could have a material adverse effect on the portion of our business affected by the dispute, which could impact our business, results of operations and financial condition. When the sale transaction is consummated, approximately 45% of our remaining employees worldwide will be working under collective bargaining agreements.

Risks Relating to Our Indebtedness

We will use substantially all of the proceeds from the sale transaction to pay down our existing indebtedness. Until the sale transaction is consummated, however, our current level of indebtedness will remain unchanged and we will be subject to the risks described below. When the sale transaction is consummated, with the proceeds used to reduce our indebtedness to much reduced levels, the risks described below will be eliminated or largely mitigated as material risks.

Our substantial indebtedness could adversely affect our operations, including our ability to perform our obligations under our debt obligations.

We have a substantial amount of indebtedness. As of December 29, 2012, we had approximately $1.5 billion in senior secured indebtedness, $155 million in senior unsecured indebtedness, approximately $55 million in capital leases and approximately $24 million in unsecured notes payable and other indebtedness.

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

- make it more difficult for us to satisfy our obligations;

- limit our ability to borrow additional amounts in the future for working capital, capital expenditures, acquisitions, debt service requirements, execution of our growth strategy or other purposes or make such financing more costly;

- result in a triggering of customary cross-default and cross-acceleration provisions with respect to certain of our debt obligations if an event of default or acceleration occurs under one of our other debt obligations;

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of our cash flow to fund future working capital, capital expenditures, acquisitions and other general corporate purposes;

- expose us to the risk of increased interest rates, as certain of our borrowings are at variable rates of interest;

- require us to sell assets (beyond those assets currently classified as assets held-for-sale) to reduce indebtedness or influence our decisions about whether to do so;

increase our vulnerability to competitive pressures and to general adverse economic and industry conditions, including fluctuations in market interest rates or a downturn in our business;

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- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;

- restrict us from making strategic acquisitions or pursuing business opportunities;

- place us at a disadvantage compared to our competitors that have relatively less indebtedness; and

- limit, along with the restrictive covenants in our credit facilities and senior note indentures, among other things, our ability to borrow additional funds. Failing to comply with those covenants could result in an event of default which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to generate sufficient cash flow to service our debt obligations.

To service our debt, we require a significant amount of cash. Our ability to generate cash, make scheduled payments or refinance our obligations depends on our successful financial and operating performance. Our financial and operating performance, cash flow and capital resources depend upon prevailing economic conditions and various financial, business and other factors, many of which are beyond our control. These factors include among others:

- economic and competitive conditions;

- changes in laws and regulations;

- operating difficulties, increased operating costs or pricing pressures we may experience; and

- delays in implementing any strategic projects.

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt. If we are required to take any actions referred to above, it could have a material adverse effect on our business, financial condition or results of operations. In addition, we cannot give assurance that we would be able to take any of these actions on terms acceptable to us, or at all, that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of our various debt agreements, in any of which events the default and cross-default risks set forth in the risk factor below titled Restrictive covenants in our debt instruments restrict or prohibit our ability to engage in or enter into a variety of transactions, which could adversely restrict our financial and operating flexibility and subject us to other risks would become relevant.

Subject to the restrictions in our senior secured credit facilities and the indentures governing our 8.75% debentures due 2013 (2013 Debentures), our 13.875% senior secured notes due 2014 (2014 Notes) and our 8% senior secured notes due 2016 (2016 Notes), we and certain of our subsidiaries may incur significant additional indebtedness, including additional secured indebtedness. Although the terms of our senior secured credit facilities and the indentures governing our 2013 Debentures, our 2014 Notes and our 2016 Notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and additional indebtedness incurred in compliance with these restrictions could be significant. If new debt is added to our and our subsidiaries current debt levels, the related risks that we now face could increase.

Restrictive covenants in our debt instruments restrict or prohibit our ability to engage in or enter into a variety of transactions, which could adversely restrict our financial and operating flexibility and subject us to other risks.

The indentures governing our 2013 Debentures, our 2014 Notes, our 2016 Notes and our senior secured credit facilities, contain various restrictive covenants that limit our and our subsidiaries ability to take certain actions. In particular, these agreements limit our and our subsidiaries ability to, among other things:

incur additional indebtedness;

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make restricted payments (including paying dividends on, redeeming or repurchasing our capital stock);

issue preferred stock of subsidiaries;

make certain investments or acquisitions;

create liens on our assets to secure debt;

engage in certain types of transactions with affiliates;

place restrictions on the ability of restricted subsidiaries to make payments to us;

merge, consolidate or transfer substantially all of our assets; and

transfer and sell assets.

Any or all of these covenants could have a material adverse effect on our business by limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities and to fund our operations. Any future debt could also contain financial and other covenants more restrictive than those imposed under our senior secured credit facilities and the indentures governing our debt securities.

A breach of a covenant or other provision in any debt instrument governing our current or future indebtedness could result in a default under that instrument and, due to customary cross-default and cross-acceleration provisions, could result in a default under our other debt instruments. Upon the occurrence of an event of default under the senior secured credit facilities or some of our other debt instruments, lenders representing more than 50% of our senior secured term credit facility or more than 50% of our senior secured revolving credit facility, or any indenture trustee or holders of at least 25% of any series of our debt securities could elect to declare all amounts outstanding to be immediately due and payable and, with respect to the revolving credit and letter of credit components of our senior secured credit facilities, terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them, if any, to secure the indebtedness. If the lenders under our current or future indebtedness were to so accelerate the payment of the indebtedness, we cannot give assurance that our assets would be sufficiently liquid to repay in full our outstanding indebtedness on an accelerated basis.

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

As of December 29, 2012, approximately $1.0 billion, or 61%, of our total indebtedness, was subject to variable interest rates. If we borrow additional amounts under the revolving portion of our senior secured credit facilities, the interest rates on those borrowings may vary depending on the base rate or Eurodollar Rate (LIBOR). A 1% increase in the weighted average interest rates on our variable rate debt outstanding as of December 29, 2012, would result in higher interest expense of approximately $10 million per year.

Risks Relating to Our Common Stock

David H. Murdock and his affiliates, whose interests in our business may be different from yours, can exert significant control over us.

David H. Murdock, our Chairman and Chief Executive Officer, and his affiliates currently own 35,542,968 shares, or approximately 40%, of our outstanding common stock. Therefore, Mr. Murdock and his affiliates have significant influence over our management and affairs, including the election of our Board of Directors, and have significant control over actions to be taken by us and our Board of Directors, including amendments to our certificate of incorporation and bylaws and approval of significant corporate transactions, including mergers and sales of substantially all of our assets.

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The value of our common stock could be volatile, and may fluctuate greatly as a result of our operations following consummation of the sale transaction.

The overall market and the price of our common stock may fluctuate greatly, and our stock price may decrease or increase, given our reduced operations but with substantially lower debt, following the consummation of the sale transaction. The trading price of our common stock may be significantly affected by various factors, including:

- quarterly fluctuations in our operating results, and the operating results of our business following the consummation of the sale transaction;
- changes in investors and analysts perception of the business risks and conditions of our business;
- our ability to meet the earnings estimates and other performance expectations of financial analysts or investors;
- unfavorable commentary or downgrades of our stock by equity research analysts;
- fluctuations in the stock prices of our peer companies or in stock markets in general; and
- general economic or political conditions.

Our charter documents contain provisions that may delay, defer or prevent a change of control.

Provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if the change in control would be beneficial to stockholders. These provisions include the following:

- division of our Board of Directors into three classes, with each class serving a staggered three-year term;
- removal of directors by stockholders by a supermajority of two-thirds of the outstanding shares;
- ability of the Board of Directors to authorize the issuance of preferred stock in series without stockholder approval;
- advance notice requirements for stockholder proposals and nominations for election to the Board of Directors; and
- prohibitions on our stockholders from acting by written consent and limitations on calling special meetings.

Future sales of our common stock may lower our stock price.

If Mr. Murdock were to sell a large number of shares of our common stock, the market price of our common stock could decline significantly. In addition, the perception in the public market that Mr. Murdock might sell shares of common stock could depress the market price of our common stock, regardless of his actual plans. On November 1, 2012, an affiliate of Mr. Murdock s delivered 23,317,270 shares of our common stock pursuant to the Forward Purchase Agreement dated as of October 22, 2009 between Mr. Murdock, his affiliate and the 2009 Dole Food

Automatic Common Exchange Security Trust, or the MACES Trust, to settle its obligations related to the trust transaction. Of such 23,317,270 shares of our common stock, 2,185,994 shares were distributed to Mr. Murdock in exchange for the securities issued by the MACES Trust that were then held by Mr. Murdock. All of these shares other than those held by Mr. Murdock are freely tradable under the Securities Act.

Under our 2009 Stock Incentive Plan, as amended and restated, we have registered 13,000,000 shares of common stock for issuance. As of December 29, 2012, we had 7,340,046 shares of common stock available for future issuance of awards. These shares can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates.

We may not pay any dividends in the foreseeable future.

We may not pay any dividends to our stockholders in the foreseeable future. The existing agreements governing our indebtedness restrict our ability to pay dividends, and any future such agreements may include similar restrictions. Accordingly, stockholders may have to sell some or all of their common stock in order to generate cash flow from their investment. Stockholders may not receive a gain on their investment when they sell our common stock and may lose some or all of the amount of their investment. Any determination to pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, financial conditions, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

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Risks Relating to Our Information Systems

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

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

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

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

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

Although we believe we have implemented reasonable industry best practices**,** processes and technologies to protect our information and information systems, recovery from the above computer incidents could be expensive. Rapidly raising and maintaining higher standards of computer security practices in our business globally may require significant initial investment and higher operating costs and therefore could negatively impact our operating income.

Risks Related to the Sale Transaction

While the sale transaction is pending, it creates uncertainty about our future which could materially and adversely affect our business, financial condition and results of operations.

While the sale transaction is pending, it creates uncertainty about our future. Therefore, our current or potential business partners may decide to delay, defer or cancel entering into new business arrangements with us pending consummation of the sale transaction. In addition, while the sale transaction is pending, we are subject to a number of risks, including:

- the diversion of management and employee attention from our day-to-day business;
- the potential disruption to business partners and other service providers;
- the loss of employees who may depart due to their concern about losing their jobs following the sale transaction or a shift in loyalty of employees of the businesses to be sold who see ITOCHU as their *de facto* employer even before the consummation of the sale transaction; and
- our inability to respond effectively to competitive pressures, industry developments and future opportunities.

The occurrence of any of these events individually or in combination could materially and adversely affect our business, financial condition and results of operations.

We have also incurred substantial transaction costs in connection with the sale transaction, and we will continue to do so until the consummation of the sale transaction.

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The failure to consummate the sale transaction may materially and adversely affect our business, financial condition and results of operations.

ITOCHU s obligation to close the sale transaction is subject to a number of conditions, although ITOCHU has paid us a $200 million non-refundable cash deposit that, with limited exceptions, would be forfeited and retained by us if the closing does not occur by April 1, 2013. We cannot assure you that these conditions will be satisfied, or that ITOCHU will waive any that are not satisfied. In the unlikely event that the sale transaction is not consummated, we may be subject to a number of risks, including the following:

- we may not be able to identify an alternate transaction, or if an alternate transaction is identified, such alternate transaction may not result in an equivalent price to what is proposed in the sale transaction;

- the trading price of our common stock may decline to the extent that the current market price reflects a market assumption that the sale transaction will be consummated; and

- our relationships with our customers, suppliers and employees may be damaged beyond repair and our business may be harmed.

The occurrence of any of these events individually or in combination could materially and adversely affect our business, financial condition and results of operations, which could cause the market value of our common stock to decline.

The acquisition agreement may expose us to contingent liabilities.

We have agreed to indemnify ITOCHU for certain breaches of any representation, warranty or covenant made by us in the acquisition agreement, as well as certain breaches under the trademark rights agreement to be entered into in connection with the sale transaction, in each case subject to certain limitations. Our indemnification obligations are subject to limitations, but the limitation on our maximum exposure is quite high. In some instances our indemnification obligations are not subject to any limitations. Significant indemnification claims by ITOCHU could materially and adversely affect our business, financial condition and results of operations.

Because our worldwide packaged foods business and our Asia fresh business collectively represented approximately 38% of our total revenues in fiscal 2012, our business following the sale transaction will be substantially reduced and less diversified.

We may encounter unanticipated difficulties or challenges as we transition into a company with a heavier emphasis on fresh, perishable food products that cannot be inventoried and generally must be brought to market and sold soon after harvest. The reduction in the scale and scope of our business as a result of the sale transaction will expose a larger portion of our business to the type of risks associated with commodity products. Excess supply in any one of our non-value added fresh produce products could result in lower sales prices for those products. In addition, a greater portion of our product line will be exposed to the short term impact of weather and agricultural risks discussed above under Risks Related to Our Company. Also, the smaller scale of our business will reduce the opportunity to leverage global purchasing efficiencies across business lines. If we are unable to address and overcome these difficulties or challenges, we may not be successful with our remaining businesses.

We will be limited from using significant intellectual property rights and pursuing certain business opportunities following the consummation of the sale transaction.

By disposing of our worldwide packaged foods business and our Asia fresh business and by entering into the trademark rights agreement as part of the sale transaction, we are restricting our use of significant intellectual property rights, including the DOLE® brand, in connection with the fresh fruit business in Asia, Australia and New Zealand and the packaged foods business worldwide. In addition, we have also agreed to be bound by

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noncompetition covenants in the trademark rights agreement which preclude our ability to enter certain aspects of these businesses within two years following the consummation of the sale transaction.

ITOCHU s use of the DOLE trademarks and related brands following the consummation of the sale transaction under the trademark rights agreement and otherwise could adversely affect our business.

The DOLE trademarks and related brands and associated goodwill represent a key component of the value of our business, and any impairment to the goodwill associated with the DOLE trademarks and related brands could adversely affect our business. ITOCHU will acquire certain DOLE trademarks in the sale transaction and, pursuant to the trademark rights agreement, subject to certain exceptions for our existing businesses, we will exclusively license other DOLE trademarks to ITOCHU for its use in connection with packaged products, as defined, worldwide and fresh products, as defined, in Asia, Australia and New Zealand. As a result, following the consummation of the sale transaction, the goodwill associated with the DOLE trademarks and related brands will be partially dependent on ITOCHU s reputation and its use of the DOLE trademarks and related brands, which could be harmed due to factors outside of our control. If ITOCHU fails to maintain the quality of the products with which it uses the DOLE trademarks consistent with our historical standards, or if ITOCHU s reputation among consumers is harmed for any reason, the goodwill associated with the DOLE trademarks and related brands could be negatively impacted, which could have a material adverse effect on our business.

Our directors and executive officers may have interests in the sale transaction that may be in addition to, or different from, the interests of our stockholders.

Stockholders should be aware that our directors and executive officers have financial interests in the sale transaction that may be in addition to, or different from, the interests of our stockholders generally. These interests include agreements with certain executive officers that provide for severance payments following the termination of employment following a change of control, including the sale transaction, and the acceleration of all outstanding equity awards, except those granted in February 2013, upon the consummation of the sale transaction (i.e., such outstanding equity incentive awards will vest and become fully exercisable or be paid and settled, as applicable). However, Mr. Murdock has waived any right to severance compensation in connection with the sale transaction. The board of directors was aware of and considered these potential interests, among other matters, in evaluating and approving the sale transaction and acquisition agreement and in recommending the transaction to our stockholders.

There can be no assurances we will be successful in refinancing a part of our existing indebtedness.

We will use substantially all the proceeds from the sale transaction and our new capital structure to repay our existing indebtedness and to provide funding for transaction-related taxes, costs and expenses. Approximately $1.632 billion is expected to be used to repay $155 million of our 2013 Debentures, $174.9 million of our 2014 Notes, $315 million of our 2016 Notes, and all amounts outstanding under our term loan facilities and our revolving credit facility. Assuming these payments are made, our 2013 Debentures, 2014 Notes, 2016 Notes and our term loan and revolving credit facilities will be paid in full and will be cancelled, as applicable. We will need to put in place a new capital structure, including entering into a new term loan and revolving credit facility, at the time of the consummation of the sale transaction, and there can be no assurance that we will be able to enter into the new capital structure as we currently anticipate, or that any new financing will be available to us on equal or better terms than those of our current term loan and revolving credit facility. Any new financing may be subject to higher interest rates, may include less favorable terms or may require us to agree to additional or more severe restrictions on our business activities as compared to those of our current indebtedness.

Item 1B. ***Unresolved Staff Comments***

None.

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Item 2. ***Properties***

The following is a description of our significant properties both before and after the consummation of the sale transaction.

North America

We own our executive office facility in Westlake Village, California, and lease a divisional office in Monterey, California.

Our Hawaii operations are located on the island of Oahu and total approximately 25,000 acres, which we own. Of the total acres owned, we farm pineapples on 2,700 acres and coffee and cacao on an additional 195 acres. The remaining acres are leased or are in pastures and forest reserves. As of December 29, 2012, approximately 2,050 acres and 14,200 acres were classified as assets held-for-sale and actively marketed land, respectively. In light of the current competitive fresh produce market conditions, we have assessed our ongoing capital requirements and possible near-term funding resources for the ongoing operations, and are actively marketing the approximately 20,600 acres of land that we are not currently farming. We are seeking to sell as much of this land as we possibly can each year, expecting that it may take a few years to sell such a large quantity of farm and other land holdings. Targeted proceeds are in the $175 $200 million range, which would exceed current book value.

We own approximately 200 acres of farmland in California, 300 acres in Florida, 200 acres in Georgia and 75 acres in North Carolina in connection with our vegetable and berry operations. Additionally, we lease approximately 12,200 acres of farmland in California, 3,000 acres in Arizona and 500 acres in Mexico. The majority of this acreage is farmed under joint growing arrangements with independent growers, while we farm the remainder. We own cooling, packing and shipping facilities in Marina, Gonzales and Huron, California. Additionally, we have partnership interests in facilities in Yuma, Arizona and Salinas, California, and leases in facilities in the following California cities: Oxnard, Monterey and Watsonville. We own and operate state-of-the-art, packaged salad and vegetable plants in Yuma, Arizona, Soledad, California, Springfield, Ohio and Bessemer City, North Carolina. We own and operate berry packing facilities in Plant City and Winter Haven, Florida, Homerville and Baxley, Georgia, Lawndale, North Carolina and lease berry packing facilities in Hawthorne and Zolfo Springs, Florida, and Jalisco, Mexico.

In connection with our Packaged Foods operations, which are being sold as part of the sale transaction, we own approximately 2,600 acres of peach orchards in California of which we farm 1,050 acres, and own and operate a plant in Atwater, California that produces individually quick frozen fruit, and lease a production facility located in Decatur, Michigan.

The packaged foods acres and facilities in North America will be sold as part of the sale transaction, the Hawaii land and vegetable and berry properties will remain with Dole following the sale transaction.

Latin America

We own offices in San Jose, Costa Rica, and La Ceiba, Honduras. We also lease offices in Chile, Costa Rica, Ecuador and Guatemala.

We produce bananas directly from owned plantations in Costa Rica, Ecuador and Honduras as well as through associated producers or independent growing arrangements in those countries and others, including Guatemala and Colombia. We own approximately 21,800 acres in Costa Rica, 3,800 acres in Ecuador and 25,700 acres in Honduras, all related to banana production, although some of the acreage is not presently under production.

We own approximately 8,200 acres in Honduras, 7,300 acres in Costa Rica and 3,000 acres in Ecuador, all related to pineapple production, although some of the acreage is not presently under production. We also own a juice concentrate plant in Honduras for pineapple. Pineapple is grown primarily for the fresh produce market.

We grow grapes, kiwi, apples and pears on approximately 600 acres leased by us in Chile. Dole sources most of its grapes, stone fruit, kiwi, apples and pears from independent growers in Chile, Peru and Argentina. We own or operate 10 packing and cold storage facilities in Chile, and one in Argentina. In addition, we operate a fresh-cut salad plant and a small local fruit distribution company in Chile, and own a minority share in a fruit distribution company in Argentina.

We indirectly own 35% of Bananapuerto, an Ecuadorian port, and operate the port pursuant to a port services agreement signed in 2002, the term of which is up to 30 years.

At year end, Dole Latin America operated a fleet of six refrigerated container ships, of which four are owned and two are under long-term capital leases. In addition, Dole Latin America operated a fleet of 12 breakbulk refrigerated ships, of which seven are owned and five are chartered. Four of the chartered vessels are under a charter arrangement which will terminate at the end of 2013, and have been subleased to a third party for fiscal 2013. Additionally, following the sale transaction, we will enter into a ship usage agreement for three of our owned ships with ITOCHU. We also cover part of our requirements under contracts with existing liner services and occasionally charter vessels for short periods on a time or voyage basis as and when required. We lease or own approximately 12,500 refrigerated containers, 800 dry containers, 5,400 chassis and 4,200 generator sets worldwide. Following the sale transaction, our Latin American properties will be unchanged.

Europe

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

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

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

Following the sale transaction, these European properties will be unchanged.

Asia

Following the sale transaction, we will no longer own, lease or operate any of the following properties.

We operate a pineapple plantation of approximately 36,800 leased acres in the Philippines. Approximately 18,900 acres of the plantation are leased to us by a cooperative of our employees that acquired the land pursuant to agrarian reform law. The remaining 17,900 acres are leased from individual land owners. Two multi-fruit canneries, a blast freezer, cold storage, a juice concentrate plant, a box forming plant, a can and drum manufacturing plant, warehouses, wharf and a fresh fruit packing plant, each owned by us, are located at or near the pineapple plantation.

We own and operate a tropical fruit cannery and a multi-fruit processing factory in central Thailand and a second tropical fruit cannery in southern Thailand. Dole also grows pineapple in Thailand on approximately 3,700 acres of owned land, not all of which are currently under cultivation.

We produce bananas and papaya from 30,400 acres of leased land in the Philippines and also source these products through associated producers or independent growing arrangements in the Philippines. A plastic extruding plant and a box forming plant, both owned by us, are located near the banana plantations. We also operate banana ripening and distribution centers in Hong Kong, South Korea, Taiwan, China, the Philippines and New Zealand.

Bananas are also grown on 200 acres of owned and 700 acres of leased land in Australia.

Additionally, we source products from approximately 1,350 Japanese farmers through independent growing arrangements.

Item 3. ***Legal Proceedings***

Dole is involved from time to time in claims and legal actions incidental to its operations, both as plaintiff and defendant. Dole has established what management currently believes to be adequate reserves for pending legal matters. These reserves are established as part of an ongoing worldwide assessment of claims and legal actions that takes into consideration such items as changes in the pending case load (including resolved and new matters), opinions of legal counsel, individual developments in court proceedings, changes in the law, changes in business focus, changes in the litigation environment, changes in opponent strategy and tactics, new developments as a result of ongoing discovery, and past experience in defending and settling similar claims. In the opinion of management, after consultation with outside counsel, the claims or actions to which Dole is a party are not expected to have a material adverse effect, individually or in the aggregate, on Dole s financial 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 194 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 77 labor cases pending in Costa Rica under that country s national insurance program.

Of the 194 lawsuits, 16 are currently pending in various jurisdictions in the United States. One case in Los Angeles Superior Court, the last remaining lawsuit brought in the United States by Nicaraguan plaintiffs, was dismissed after the Court found that the plaintiffs and their representatives engaged in blatant fraud, witness tampering and active manipulation. On March 11, 2011, the Court issued a final Statement of Decision, followed on March 31, 2011 by a Judgment, that vacates the prior judgment and dismisses all plaintiffs claims with prejudice. Plaintiffs filed a notice of appeal of that judgment on May 6, 2011, and briefing is expected to be completed in the second quarter of 2013. The remaining lawsuits are pending in Latin America and the Philippines. Claimed damages in DBCP cases worldwide total approximately $36 billion, with lawsuits in Nicaragua representing approximately 85% of this amount. Typically in these cases, Dole is a joint defendant

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with the major DBCP manufacturers. Except as described below, none of these lawsuits has resulted in a verdict or judgment against Dole.

In Nicaragua, 163 cases are currently filed (of which 13 are active) in various courts throughout the country, 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. Twenty-five cases have resulted in judgments in Nicaragua: $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.

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. Dole believes there is no reliable scientific basis for alleged injuries from the agricultural field application of DBCP. Nevertheless, Dole is looking to resolve all DBCP litigation and claims once and for all. Although no assurance can be given concerning the outcome of the DBCP cases, in the opinion of management, after consultation with legal counsel and based on past experience defending and settling DBCP claims, neither the pending lawsuits and claims nor their resolution are 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.

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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. The General Court has given notice that its decision will be issued on March 14, 2013, which Dole believes could result in a possible resolution of this matter.

Dole made an initial $10 million (7.6 million) provisional payment towards the 45.6 million fine on January 22, 2009. 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 s financial position or results of operations, Dole believes that it has not violated the European competition laws.

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 are discussing the terms and conditions of a final resolution of the pending lawsuits and tax-related matters. Although no assurance can be given concerning the outcome of this case, in the opinion of management, after consultation with legal counsel, the pending lawsuits and tax-related matters are not expected to have a material adverse effect on Dole s financial position or results of operations.

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

Item 4. ***Mine Safety Disclosures***

None.

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PART II

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

Dole s common stock is listed and traded on the New York Stock Exchange under the ticker symbol DOLE. As of February 28, 2013, there were 77 registered stockholders of Dole s common stock. The following table shows the high and low reported closing price per share of Dole s common stock on the New York Stock Exchange for each quarter during fiscal years 2012 and 2011.

	High	Low
2012		
First quarter	$ 11.13	$ 8.05
Second quarter	10.23	8.35
Third quarter	14.35	8.45
Fourth quarter	13.13	10.70
2011		
First quarter	$ 14.87	$ 13.06
Second quarter	14.26	12.57
Third quarter	14.50	9.37
Fourth quarter	10.94	8.05

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

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Performance Graph

The graph below matches the cumulative total return of holders of Dole Food Company, Inc. s common stock with the cumulative total returns of the S&P 500 index and the S&P 500 Food Products index. The graph assumes that the value of the investment in Dole s common stock and in each of the indexes (including reinvestment of dividends) was $100 on October 23, 2009 and tracks it through December 29, 2012 (the end of Dole s fiscal year).

Comparison of Cumulative Total Return

ASSUMES $100 INVESTED ON OCT. 23, 2009

ASSUMES DIVIDEND REINVESTED

FISCAL YEAR ENDING Dec. 29, 2012

	10/23/2009	1/02/2010	1/01/2011	12/31/2011	12/29/2012
Dole Food Company, Inc.	**$ 100.00**	**$ 101.06**	**$ 110.02**	**$ 70.44**	**$93.40**
S&P 500 Index	**$ 100.00**	**$ 103.73**	**$ 119.35**	**$ 121.87**	**$ 141.37**
S&P 500 Food Products Index	**$ 100.00**	**$ 104.93**	**$ 119.83**	**$ 137.99**	**$ 150.76**

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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

	Year Ended December 29, 2012	Year Ended December 31, 2011	Year Ended January 1, 2011	Year Ended January 2, 2010	Year Ended January 3, 2009
	(In millions, except per share data)				
Summary of Operations					
Revenues, net[(1)(6)]	$ 4,247	$ 4,778	$ 4,687	$ 4,696	$ 5,482
Operating income[(7)]	17	101	80	186	164
Income from continuing operations, net of income taxes	1	102	78	121	227
Loss from discontinued operations, net of income taxes	(150)	(60)	(111)	(34)	(107)
Gain on disposal of discontinued operations, net of income taxes	7		3	1	3
Net income (loss)	(142)	42	(30)	88	123
Less: Net income attributable to noncontrolling interests	(3)	(4)	(4)	(4)	(2)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	(145)	38	(34)	84	121
Average common shares outstanding Basic and Diluted[(3)]	88	88	87	59	52
Per Share Data[(3)]					
Income from continuing operations excluding net income attributable to noncontrolling interests Basic	$ 0.00	$ 1.15	$ 0.88	$ 2.05	$ 4.39
Income from continuing operations excluding net income attributable to noncontrolling interests Diluted	$ 0.00	$ 1.14	$ 0.88	$ 2.05	$ 4.39
Balance Sheet and Other Information					
Working capital (current assets less current liabilities)	$ 1,265	$ 729	$ 695	$ 777	$ 531
Total assets[(4)]	4,230	4,271	4,257	4,107	4,365
Long-term debt, net[(5)]	1,513	1,641	1,564	1,553	1,799
Total debt, net[(5)]	1,694	1,680	1,604	1,598	2,204
Total equity[(3)]	713	818	817	866	433
Cash dividends declared and paid to parent				15	
Proceeds from sales of assets and businesses, net	43	42	46	185(2)	226
Capital additions from continuing operations	60	37	47	30	44
Depreciation and amortization from continuing operations	66	64	76	80	96

Note: Discontinued operations for the periods presented relate to the reclassification of Dole s worldwide packaged foods and Asia fresh produce businesses (collectively, Dole Asia) during 2012 and the fresh-cut flowers operations during 2008 to discontinued operations.

(1) During the fourth quarter of 2008, Dole completed the sale of its JP Fresh and Dole France ripening and distribution subsidiaries. These businesses generated revenues of $382 million during 2008.

(2) Included in the 2009 proceeds from sales of assets and businesses, net was $26 million of long-term debt which was assumed by the buyer of Dole s fresh-cut flowers business.

(3) During the fourth quarter of 2009, Dole completed a $446 million initial public offering of 35.7 million common shares. Dole received net proceeds of $415 million, reflecting $31 million of underwriting discount and offering expenses, and used the net proceeds to pay down indebtedness. Immediately prior to the

closing of the initial public offering, Dole completed certain restructuring transactions. Fiscal years 2008 through 2009 basic weighted average common shares outstanding reflect the effect of the 51,710:1 share conversion related to the restructuring transactions. Income from continuing operations excludes the net income attributable to noncontrolling interests.

(4) Includes assets-held-for sale, including $1.9 billion of assets-held-for-sale in the sale transaction at December 29, 2012.

(5) Includes debt that will be extinguished at the time of closing of the sale transaction, totaling $1.6 billion at December 29, 2012.

(6) During the first quarter of 2012, Dole completed the sale of a non-core German ripening and distribution subsidiary. The business generated revenues of $115 million, $548 million, $559 million, $527 million and $635 million during fiscal years 2012, 2011, 2010, 2009 and 2008, respectively.

(7) Included in 2012 operating income are costs of $48.4 million related to the sale transaction.

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

This Management s Discussion and Analysis contains forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements, which are based on management s assumptions and describe Dole s future plans, strategies and expectations, are generally identifiable by the use of terms such as anticipate, will, expect, believe, should or similar expressions. The potential risks and uncertainties that could cause Dole s actual results to differ materially from those expressed or implied herein are set forth in Item 1A and Item 7A of this Annual Report on Form 10-K for the year ended December 29, 2012 and include: weather-related phenomena; market responses to industry volume pressures; product and raw material supplies and pricing; changes in interest and currency exchange rates; economic crises; quotas, tariffs and other governmental actions and international conflict.

Overview

Significant highlights for Dole Food Company, Inc. and its consolidated subsidiaries (Dole or the Company) for the year ended December 29, 2012 were as follows:

On September 17, 2012, Dole signed a definitive agreement (the Agreement) with ITOCHU Corporation (ITOCHU) for the sale of Dole s worldwide packaged foods and Asia fresh produce businesses (collectively, Dole Asia) for $1.685 billion in cash (sale transaction). Dole and ITOCHU have extended the term of the Agreement and the sale transaction is expected to close on April 1, 2013. On February 22, 2013, ITOCHU paid Dole a non-refundable cash deposit of $200 million to be applied towards the purchase price, which Dole has used to temporarily repay revolver borrowings, pay certain sale transaction related expenses and for general corporate purposes. The parties agreed that, with limited exceptions, the deposit would be forfeited and retained by Dole if the closing does not occur by April 1, 2013. Additional consideration of $29 million may be received if the acquirer chooses to exercise its option not to assume certain U.S. pension liabilities of Dole Asia. Dole will use substantially all of the proceeds from the transaction and our new, post-sale-transaction capital structure to pay down our existing indebtedness and to provide funding for transaction-related taxes, costs and expenses, extinguishment of our long-term Japanese yen hedges, the anticipated right-sizing of Dole and other post-closing restructuring expenses, and the possible resolution of the previously disclosed Honduran tax case, European Union Antitrust Inquiry and the DBCP cases. On March 8, 2013, Dole entered into an agreement to settle the long-term Japanese yen hedges, for $25.1 million payable after the close of the sale transaction.

The operations of Dole Asia consist of Dole s Packaged Foods reportable operating segment and Dole s Asia fresh produce business, which is a component of Dole s Fresh Fruit reportable operating segment. The results of operations for Dole Asia have been reclassified to discontinued operations for all periods presented.

In connection with the transaction, Dole will realign and streamline its global operating structure to conform to the specific needs of the remaining fresh produce businesses. Following the consummation of the transaction, Dole will be a commodity produce company with two lines of business fresh fruit and fresh vegetables and will remain a leading producer, marketer and distributor of fresh fruit and fresh vegetables. As a result of the sale transaction, Dole s fresh fruit business line will be smaller than at present, with an approximate 30% reduction in revenue; Dole s fresh vegetables reportable operating segment will not be impacted by the transaction. Dole will continue to be one of the world s largest producers of bananas and pineapples, and an industry leader in packaged salads, fresh-packed vegetables and fresh berries. Dole also will maintain its fully-integrated operating platform in the Americas, Europe and Africa, as well as its refrigerated supply chain, which features a dedicated refrigerated containerized fleet, as well as a network of packaging, ripening and distribution centers, to deliver fresh Dole products to market.

Revenues for 2012 were $4.2 billion, a decrease of 11%. Excluding sales from both the German and Spanish ripening and distribution subsidiaries (European divested businesses), as well as sales from

SunnyRidge Farms, which was acquired in the fourth quarter of 2011 (berry acquisition), sales decreased 1%.

Operating income in 2012 was $16.6 million compared to $101 million in 2011.

Fresh fruit operating income decreased by $34 million primarily as a result of lower earnings in Dole s North America banana operations and European ripening and distribution business, partially offset by higher earnings in Europe bananas and North America fresh pineapples. In addition, earnings were impacted by provisions totaling $26 million recorded in the fourth quarter of 2012 in connection with the possible resolution of certain legal-related matters.

Fresh vegetables operating income decreased by $6.7 million due to lower pricing of fresh-packed vegetables, partially offset by higher earnings of packaged salads.

Operating income was also impacted by costs of $48.4 million related to the sale transaction.

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:

	Year Ended December 29, 2012	Year Ended December 31, 2011	Year Ended January 1, 2011
		(In thousands)	
Net income (loss)	$ (141,567)	$ 41,793	$ (30,166)
Loss from discontinued operations, net of income taxes	150,003	60,324	111,163
Gain on disposal of discontinued operations, net of income taxes	(7,231)	(339)	(2,957)
Interest expense from continuing operations	12,219	9,628	8,256
Income taxes from continuing operations	10,755	(2,070)	6,000
EBIT before discontinued operations	24,179	109,336	92,296
Depreciation and amortization from continuing operations	65,856	63,899	75,903
Net unrealized loss on derivative instruments from continuing operations	1,185	900	746
Foreign currency exchange (gain) loss on vessel obligations	2,387	(125)	(2,677)
Net unrealized loss on foreign denominated instruments from continuing operations	811	1,906	3,237
Share-based compensation from continuing operations	10,781	7,925	5,996
Charges for restructuring and long-term receivables from continuing operations	5,158	16,412	31,459
ITOCHU transaction related costs	48,395		
Gain on asset sales	(12,913)	(4,541)	(3,017)
Adjusted EBITDA	$ 145,839	$ 195,712	$ 203,943

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 from continuing operations; (3) adding the foreign currency loss or subtracting the foreign currency gain on the vessel obligations; (4) adding the net unrealized loss or subtracting the net unrealized gain on foreign denominated instruments from continuing operations; (5) adding share-based compensation expense from continuing operations; (6) adding charges for restructuring and long-term receivables from continuing operations; (7) adding ITOCHU transaction related costs; and

(8) subtracting the gain on asset sales from continuing operations. 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 years ended December 29, 2012, December 31, 2011, and January 1, 2011 were as follows:

	Year Ended December 29, 2012	Year Ended December 31, 2011	Year Ended January 1, 2011
		(In thousands)	
Revenues, net	$ 4,246,708	$ 4,778,424	$ 4,686,858
Operating income	16,592	101,035	80,130
Other income (expense), net	(3,130)	(380)	(276)
Interest expense	(12,219)	(9,628)	(8,256)
Income taxes	(10,755)	2,070	(6,000)
Earnings from equity method investments	6,063	4,588	6,571
Income from continuing operations, net of income taxes	1,205	101,778	78,040
Loss from discontinued operations, net of income taxes	(150,003)	(60,324)	(111,163)
Gain on disposal of discontinued operations, net of income taxes	7,231	339	2,957
Net income (loss)	(141,567)	41,793	(30,166)
Less: Net income attributable to noncontrolling interests	(2,896)	(3,434)	(3,958)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	(144,463)	38,359	(34,124)

Revenues

For the year ended December 29, 2012, revenues decreased 11% to $4.2 billion from $4.8 billion for the year ended December 31, 2011. Excluding sales from Dole s European divested businesses of $539 million for the first three quarters of fiscal 2011, as well as the first three quarters of 2012 sales from the berry acquisition of $53 million, sales decreased 1%. Fresh fruit sales decreased $615.9 million from 2011 to 2012. Excluding sales from divested businesses, fresh fruit sales decreased $77.3 million primarily due to lower pricing in North America bananas as well as unfavorable euro and Swedish krona foreign currency exchange movements in Europe. These factors were partially offset by higher volumes of North America fresh pineapple and improved local pricing in Europe and in Dole s Chilean deciduous fruit business. Fresh vegetables sales increased $84 million. Excluding sales from the berry acquisition, fresh vegetables sales increased $31 million. The increase was primarily due to improved pricing for packaged salads and higher sales of fresh berries, partially offset by lower pricing for fresh-packed vegetables. Net unfavorable foreign currency exchange movements in Dole s selling locations resulted in lower revenues of approximately $82 million.

For the year ended December 31, 2011, revenues increased 2% to $4.8 billion from $4.7 billion for the year ended January 1, 2011. Higher sales were reported in both of Dole s operating segments. Fresh fruit sales increased $62.5 million primarily due to improved banana pricing in North America and Europe, higher volumes of bananas sold in North America, favorable foreign currency exchange movements in Europe as well as higher sales of Chilean deciduous fruit. These improvements were partially offset by lower volumes of bananas sold in Europe due to the implementation of Dole s 2010 European restructuring plan as well as lower volumes sold in the European ripening and distribution business. Fresh vegetables sales increased $28.9 million due primarily to higher pricing of packaged salads and revenues associated with the October 2011 berry acquisition. Net favorable foreign currency exchange movements in Dole s selling locations resulted in higher revenues of approximately $113 million.

Operating Income

For the year ended December 29, 2012, operating income was $16.6 million compared with $101 million for the year ended December 31, 2011. Fresh fruit operating income decreased primarily due to lower earnings in Dole s North America banana operations partially offset by higher earnings in Dole Europe s banana operations and North America fresh pineapple operations. In addition, fresh fruit earnings were also impacted by provisions totaling $26 million recorded in the fourth quarter of 2012 in connection with the possible resolution of certain legal-related matters. Fresh vegetables operating income decreased due to lower pricing in all major fresh-packed vegetable product lines, partially offset by higher earnings of packaged salads. Operating income was also impacted by costs of $48.4 million related to the sale transaction. If foreign currency exchange rates in Dole s significant foreign operations during the year ended December 29, 2012 had remained unchanged from those experienced during the year ended December 31, 2011, Dole estimates that its operating income would have been higher by approximately $12 million.

For the year ended December 31, 2011, operating income increased $20.9 million or 26% to $101 million compared with $80.1 million for the year ended January 1, 2011. Excluding the $32.5 million gain on the legal settlements recorded in 2010, operating income increased $53.4 million or 67%. Fresh fruit operating results increased primarily due to higher earnings in Dole s North America and Europe banana operations, European ripening and distribution business and Chilean deciduous fruit business. Banana earnings benefitted from higher local pricing for bananas and lower shipping and distribution costs in Europe. Fresh vegetables operating results increased due primarily to higher earnings in packaged salads partially offset by lower earnings in the fresh-packed vegetables and berries operations. If foreign currency exchange rates in Dole s significant foreign operations during the year ended December 31, 2011 had remained unchanged from those experienced during the year ended January 1, 2011, Dole estimates that its operating income would have been lower by approximately $4 million.

Other Income (Expense), Net

Other income (expense), net was expense of $3.1 million in 2012 compared to expense of $0.4 million in 2011. The change was due primarily to unrealized losses of $2.4 million on Dole s British pound sterling vessel obligation in 2012 compared to unrealized gains of $0.1 million in 2011.

Other income (expense), net was expense of $0.4 million in 2011 compared to expense of $0.3 million in 2010.

As a result of reflecting Dole Asia s operations as discontinued operations, amounts previously recorded in other income (expense), net related to Dole s long-term Japanese yen hedges and cross currency swap as well as charges for premiums paid and the write-off of debt issuance costs and debt discounts in connection with refinancing transactions have been reclassified into discontinued operations for all periods presented.

Interest Expense

Interest expense for the year ended December 29, 2012 was $12.2 million compared to $9.6 million in 2011. The increase was primarily due to a $4 million accrual recorded in the fourth quarter of 2012 in connection with the possible resolution of certain legal-related matters.

Interest expense for the year ended December 31, 2011 was $9.6 million compared to $8.3 million in 2010.

As a result of reflecting Dole Asia s operations as discontinued operations, all interest expense associated with Dole s notes and debentures, term loan and revolving credit facilities and interest rate swap has been reclassified into discontinued operations for all periods presented. Refer to Note 4 in the Consolidated Financial Statements for additional information.

Income Taxes

Dole recorded income tax expense of $10.8 million on $5.9 million of income from continuing operations before income taxes and equity earnings for the year ended December 29, 2012, reflecting a 182.4% effective tax rate for the year. Income tax expense increased $12.8 million in 2012 compared to 2011 due primarily to a higher level of foreign earnings taxed at U.S. rates in 2012 and the absence of the impact of a state law change that reduced deferred taxes in 2011, partially offset by the reduction in Dole s liability for unrecognized tax benefits in 2012 attributable to the expiration of the statute of limitations concerning certain transfer pricing items. The effective tax rate in 2011 was (2.2%). 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 2012, Dole s income tax provision differs from the U.S. federal statutory rate applied to Dole s pre-tax income primarily due to a higher level of foreign earnings taxed at U.S rates and the impact of non-deductible compensation arrangements and costs related to the sale transaction.

Income tax expense for fiscal year 2011 decreased by $8.1 million compared to 2010 due primarily to the impact of a state law change effective for 2011 that reduced the deferred taxes on certain of Dole s intangibles. The effective tax rate in 2010 was 7.7%. For 2011, Dole s income tax provision differed from the U.S. federal statutory rate applied to Dole s pre-tax income primarily due to the impact of a state law change that reduced the tax rate on certain of Dole s intangibles, a reduction of its U.S. federal valuation allowance partially offset by an increase in Dole s liability for unrecognized tax benefits, primarily attributable to potential issues with foreign investment in U.S. property. For 2010, Dole s income tax provision differed from the U.S. federal statutory rate applied to Dole s pretax income primarily due to operations in foreign jurisdictions that are taxed at a rate lower than the U.S. federal statutory rate and the reduction in Dole s liability for unrecognized tax benefits, primarily attributable to the lapse of the statute of limitations relating to a state unrecognized tax benefit.

As of December 29, 2012, Dole has not provided for U.S. federal income and foreign withholding taxes on approximately $2.2 billion of the excess of the amount for financial reporting over the tax basis of investments that are essentially permanent in duration. Management believes that such excess at December 29, 2012 will remain indefinitely invested at this time. Of this amount, $414 million relates to the Dole Asia non-U.S. operations. The repatriation of cash currently held by Dole s foreign subsidiaries at December 29, 2012 would not currently result in a material cash tax payment. In the event cash flow from U.S. operations combined with accumulated previously taxed income is insufficient to fund U.S. cash flow requirements, Dole may be required to provide U.S. federal income tax and foreign withholding taxes on a portion of its anticipated fiscal 2013 foreign earnings. As a result, Dole s overall effective tax rate may increase in fiscal 2013 versus the effective tax rate experienced in previous years.

Dole had state deferred tax assets totaling $47 million at December 29, 2012 which management believes are recoverable through the realization of income on appreciated non-core assets, including income to be generated from the reversal of the related existing taxable temporary differences upon the sale of such assets and the gain on the impending sale of the U.S. packaged foods assets to ITOCHU.

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Internal Revenue Service Audit: On September 4, 2012, the IRS completed its examination of Dole s U.S. federal income tax returns for the years 2006-2008 and issued a Revenue Agent s report (RAR) that includes various proposed adjustments, including with respect to whether certain transactions with foreign affiliates or certain third party borrowings by Dole or its foreign affiliates created or are deemed to have created investments in U.S. property. The net tax deficiency associated with the RAR is $132 million, after net operating loss utilization, plus interest. On November 9, 2012, Dole filed a protest letter challenging the proposed adjustments contained in the RAR and will pursue resolution of these issues with the Appeals Division of the IRS. Dole believes, based in part upon the advice of its tax advisors, that its tax treatment of such transactions was appropriate. Although the timing and ultimate resolution of any issues arising from the IRS examination are highly uncertain, at this time Dole does not anticipate that the total unrecognized tax benefits will significantly change within the next twelve months nor does Dole believe that any material tax payments will be made related to these matters within the next twelve months.

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

Earnings from Equity Method Investments

Earnings from equity method investments for the year ended December 29, 2012 increased to $6.1 million from $4.6 million in 2011. The increase was primarily related to higher earnings generated by Compagnie Financière de Participations (CF), a company in which Dole holds a non-controlling 40% ownership interest, and Healthy Foods, LLC (Healthy Foods), a company in which Dole holds a non-controlling 30% ownership interest. Higher earnings generated by CF were due in part to improved pricing and consumer demand in markets in which it sells. Healthy Foods produces the yonanas® frozen treat maker. The increase in Healthy Foods earnings was attributable to a full year of operations.

Earnings from equity method investments for the year ended December 31, 2011 decreased to $4.6 million from $6.6 million in 2010. The decrease was primarily related to lower earnings generated by CF. Lower earnings generated by CF were due in part to lower pricing and lower consumer demand in markets in which it sells.

Segment Results of Operations

Due to the reporting of the packaged foods reportable operating segment as discontinued operations, Dole has two reportable operating segments from continuing operations: fresh fruit and fresh vegetables. 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 Dole-owned or leased farms located in Latin America, with significant selling locations in North America and Western Europe. Dole Asia s fresh produce business formerly was included in the fresh fruit reportable operating segment, but is reported as discontinued operations in this report as a result of the sale transaction.

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.

Dole s management evaluates and monitors segment performance primarily through earnings before interest expense and income taxes before discontinued operations (EBIT). EBIT is calculated by adding interest expense and income taxes to income (loss) from continuing operations, net of income taxes. Management believes that segment EBIT provides useful information for analyzing the underlying business results as well as allowing investors a means to evaluate the financial results of each segment in relation to Dole as a whole. EBIT

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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 continuing operations were as follows:

	2012	2011 (In thousands)	2010
Revenues from external customers:			
Fresh fruit	$ 3,141,192	$ 3,757,048	$ 3,694,487
Fresh vegetables	1,103,999	1,019,673	990,807
Corporate	1,517	1,703	1,564
	$ 4,246,708	$ 4,778,424	$ 4,686,858

The table above includes intersegment revenues from the Dole Asia business of $53 million, $40 million and $31 million for the years ended December 29, 2012, December 31, 2011 and January 1, 2011, respectively.

EBIT for continuing operations was as follows:

	2012	2011 (In thousands)	2010
Fresh fruit EBIT	$ 103,457	$ 138,846	$ 109,931
Fresh vegetables EBIT	24,839	31,355	34,328
Total operating segments EBIT	128,296	170,201	144,259
Corporate:			
Net unrealized loss on foreign denominated instruments	(474)	(1,724)	(3,173)
Share-based compensation	(7,539)	(5,808)	(4,533)
ITOCHU transaction related costs	(48,395)		
Operating expenses, net	(47,709)	(53,333)	(44,257)
Corporate	(104,117)	(60,865)	(51,963)
Interest expense	(12,219)	(9,628)	(8,256)
Income taxes	(10,755)	2,070	(6,000)
Income from continuing operations	1,205	101,778	78,040
Loss from discontinued operations, net of income taxes	(150,003)	(60,324)	(111,163)
Gain from disposal of discontinued operations, net of income taxes	7,231	339	2,957
Net income (loss)	$ (141,567)	$ 41,793	$ (30,166)

2012 Compared with 2011 for Continuing Operations

Fresh Fruit: Fresh fruit revenues for the year ended December 29, 2012 decreased 16% to $3.1 billion from $3.8 billion for the year ended December 31, 2011. Excluding 2011 sales from the Spanish subsidiary and the last three quarters of 2011 sales from the divested German subsidiary, totaling $539 million, fresh fruit revenues decreased 2%. Banana sales decreased $16 million primarily due to lower pricing in North America, partially offset by improved volumes in Europe. Sales in the European ripening and distribution operations decreased primarily as a result of unfavorable euro and Swedish krona foreign currency exchange movements, partially offset by improved local pricing. These factors were partially offset by higher volumes of fresh pineapples sold worldwide and higher local pricing of Chilean deciduous fruit. Net unfavorable foreign currency exchange movements in Dole s foreign selling locations resulted in lower revenues of approximately $82 million during the year ended December 29, 2012.

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

	2012	2011
	(In thousands)	
Charges for restructuring and long-term receivables	$ (5,158)	$ (16,412)
Legal provisions	(26,000)	
Unrealized loss on foreign currency and fuel hedges	(1,185)	(900)
Foreign currency exchange gain (loss) on vessel obligations	(2,387)	125
Net unrealized loss on foreign denominated instruments	(337)	(182)
Share-based compensation	(2,391)	(1,519)
Gain on asset sales	12,913	4,541
Total	$ (24,545)	$ (14,347)

Fresh fruit EBIT for the year ended December 29, 2012 decreased 25% to $103.5 million from $138.8 million for the year ended December 31, 2011. Banana EBIT decreased as a result of lower pricing in North America and higher costs of the fruit imported into Europe, partially offset by lower shipping costs in Europe. The decrease in shipping costs was due primarily to Dole s 2011 restructuring initiatives which further reduced vessel charters, improved vessel utilization and made better use of available outside freight offerings. EBIT in the European ripening and distribution business decreased as a result of higher product costs and unfavorable euro currency exchange movements, partially offset by improved pricing, lower selling, marketing and general and administrative expenses and higher equity earnings. Earnings were also impacted by provisions totaling $26 million recorded in the fourth quarter of 2012 in connection with the possible resolution of certain legal-related matters. Fresh pineapples EBIT increased primarily as a result of lower fruit and shipping costs in North America and Europe, partially offset by lower pricing. Chilean deciduous EBIT was comparable as improved local pricing was offset by higher packing and cooling costs. If foreign currency exchange rates in Dole s significant fresh fruit foreign operations during the year ended December 29, 2012 had remained unchanged from those experienced during the year ended December 31, 2011, Dole estimates that fresh fruit EBIT would have been higher by approximately $12 million. Fresh fruit EBIT in 2012 included realized foreign currency hedge gains of $10 million and realized foreign currency transaction losses of $3 million.

Fresh Vegetables: Fresh vegetables revenues for the year ended December 29, 2012 increased $84 million to $1.1 billion. Fresh berries revenues increased as a result of sales resulting from the berry acquisition as well as higher sales of strawberries. Packaged salads revenues increased as a result of improved pricing and a favorable product mix. These improvements were partially offset by lower pricing in fresh-packed vegetables across all major product lines. 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 year ended December 29, 2012 decreased to $24.8 million from $31.4 million for the year ended December 31, 2011. EBIT decreased as a result of lower earnings in the fresh-packed business due primarily to lower pricing across all major product lines, partially offset by lower growing costs and lower grower s share of revenue. These factors were partially offset by an increase in packaged salads earnings as a result of improved pricing and lower product costs due in part to production efficiencies, partially offset by higher marketing and selling expenses. Fresh berries earnings improved slightly due to earnings from the berry acquisition, partially offset by higher growing costs.

Corporate: Corporate EBIT includes general and administrative costs not allocated to the operating segments. Corporate EBIT in 2012 was a loss of $104.1 million compared to a loss of $60.9 million in 2011. Corporate EBIT is impacted by expenses as described in the EBIT table under Segment Results of Operations. Corporate operating expenses decreased $5.6 million primarily due to lower incentive compensation accruals.

2011 Compared with 2010 for Continuing Operations

Fresh Fruit: Fresh fruit revenues for the year ended December 31, 2011 increased 2% to $3.8 billion from $3.7 billion for the year ended January 1, 2011. Banana sales increased $38 million as a result of improved pricing in North America and Europe and higher volumes sold in North America. Sales in the European ripening and distribution businesses were down slightly as a result of lower volumes sold as well as the impact of the fourth quarter 2011 sale of the Spanish subsidiary. Lower sales in Europe were due in part to lower consumer demand resulting from the bean sprout foodborne-illness outbreak in Northern Europe, which was not associated with any of Dole s products. Sales of Chilean deciduous fruit increased $47 million primarily due to higher volumes and local pricing. Net favorable foreign currency exchange movements in Dole s foreign selling locations resulted in higher revenues of approximately $113 million during the year ended December 31, 2011.

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

	2011	2010
	(In thousands)	
Charges for restructuring and long-term receivables	$ (16,412)	$ (31,459)
Gain on arbitration settlement, net		27,271
Unrealized loss on foreign currency and fuel hedges	(900)	(746)
Foreign currency exchange gain on vessel obligations	125	2,677
Net unrealized loss on foreign denominated instruments	(182)	(64)
Share-based compensation	(1,519)	(1,136)
Gain on asset sales	4,541	3,017
Total	$ (14,347)	$ (440)

Fresh fruit EBIT for the year ended December 31, 2011 increased 26% to $139 million from $110 million for the year ended January 1, 2011. Banana EBIT increased primarily due to improved pricing in North America and Europe as well as lower shipping and distribution costs in Europe. These benefits were partially offset by higher fruit costs in North America and Europe as well as higher shipping, selling, marketing and general and administrative expenses in North America. Lower shipping costs in Europe were mainly due to Dole s 2010 restructuring initiatives, which reduced vessel charters and inland freight costs. Higher fruit costs were due to higher contract prices from Latin American growers as well as higher commodity costs for containerboard and fertilizers. EBIT in the European ripening and distribution business increased primarily due to lower selling, marketing, and general and administrative expenses. This improvement was partially offset by higher product and shipping costs and lower equity earnings. Chilean deciduous fruit EBIT increased as a result of improved pricing. If foreign currency exchange rates in Dole s significant fresh fruit foreign operations during the year ended December 31, 2011 had remained unchanged from those experienced during the year ended January 1, 2011, Dole estimates that fresh fruit EBIT would have been lower by approximately $4 million. Fresh fruit EBIT in 2011 included realized foreign currency hedge losses of $4 million and realized foreign currency transaction gains of $2 million.

Fresh Vegetables: Fresh vegetables revenues for the year ended December 31, 2011 increased $28.9 million to $1 billion. Packaged salads revenues increased as a result of higher pricing, partially offset by lower volumes due to continued efforts to improve customer mix. Revenues in the berries business increased primarily as a result of the October 2011 berry acquisition which contributed revenues of $9 million. These improvements were partially offset by lower sales in the fresh-packed vegetable business primarily due to lower volumes and pricing of iceberg lettuce and lower volumes of broccoli and cauliflower, partially offset by higher pricing of romaine lettuce.

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

Corporate: Corporate EBIT includes general and administrative costs not allocated to the operating segments. Corporate EBIT in 2011 was a loss of $60.9 million compared to a loss of $52 million in 2010. Corporate EBIT is impacted by expenses as described in the EBIT table under Segment Results of Operations. Corporate operating and other expenses increased $9 million primarily due to the fact that fiscal 2010 benefited from a decrease in incentive compensation accruals.

Discontinued Operations

During the fourth quarter of 2012, Dole concluded that Dole Asia met the requirements to be presented as assets and liabilities held-for-sale and discontinued operations. Accordingly, the results of operations for Asia Fresh and Packaged Foods have been reclassified to discontinued operations for all periods presented.

Included in discontinued operations are interest expense and debt related costs associated with Dole s debentures, secured notes, revolving credit facility and term loans for all historical periods presented. The interest expense and related costs associated with these debt instruments have been reclassified to discontinued operations because the terms of these instruments require immediate repayment of the outstanding debt balance upon consummation of the pending sale of Dole Asia. In addition, for all historical periods presented, had the sale of Dole Asia been previously consummated, the terms of the then outstanding debentures, secured notes, revolving credit facility and term loans would have been required them to be repaid in their entirety. These costs have been included in the Financing Related Items column in the below table.

During 2006 Dole entered into an interest rate swap to synthetically convert $320 million of its term loans into Japanese yen denominated debt (cross currency swap). The cross currency swap did not qualify for hedge accounting and was marked to market each accounting period. In addition, during 2006, Dole also entered into an interest rate swap to synthetically convert $320 million of term loans into fixed-rate debt. During 2011, Dole refinanced its liability under the cross currency swap by entering into a series of Japanese yen forward contracts (long-term Japanese yen hedges), and obtained hedge accounting for these hedges. Due to the fact that the cross currency swap and the interest rate swap were linked to the term loans of Dole, all of the statement of operations activity associated with these instruments has been presented within discontinued operations for all periods presented. In addition, since the long-term Japanese yen hedges were designated to hedge Dole s yen-denominated revenue stream generated from the Dole Asia business, the statement of operations activity associated with the long-term Japanese yen hedges has been presented within discontinued operations for all periods presented. All amounts associated with these instruments have been presented in the Financing Related Items column in the table below.

During the second quarter of 2008, Dole approved and committed to a formal plan to divest its fresh-cut flowers business. During the first quarter of 2009, the operations and the majority of the related assets of this business were sold. During 2010, Dole sold a building and a farm located in Colombia. During 2011, Dole sold a warehouse in Miami and also sold a farm in Colombia. During the fourth quarter of 2012, Dole sold a farm in Colombia. The gains associated with these disposals are recorded in gain on disposal of discontinued operations. Refer to Note 9 in the Consolidated Financial Statements for additional information.

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The operating results of fresh-cut flowers and Dole Asia for fiscal 2012, 2011 and 2010 are reported in the following table:

	Dole Asia					
	Asia Fresh	Packaged Foods	Financing Related Items	Total Dole Asia	Fresh-Cut Flowers	Total
			(In thousands)			
2012						
Revenues	$ 1,333,677	$ 1,251,846	$	$ 2,585,523	$ 47	$ 2,585,570
Income (loss) before income taxes	$ (77,417)	$ 101,290	$ (98,610)	$ (74,737)	$ (436)	$ (75,173)
Income taxes	(6,179)	(41,384)	(27,307)	(74,870)	40	(74,830)
Income (loss) from discontinued operations, net of income taxes	$ (83,596)	$ 59,906	$ (125,917)	$ (149,607)	$ (396)	$ (150,003)
Gain on disposal of discontinued operations, net of income taxes	$	$	$	$	$ 7,231	$ 7,231
2011						
Revenues	$ 1,288,609	$ 1,197,106	$	$ 2,485,715	$ 476	$ 2,486,191
Income (loss) before income taxes	$ 30,580	$ 95,945	$ (178,057)	$ (51,532)	$ (129)	$ (51,661)
Income taxes	(5,148)	(23,659)	20,216	(8,591)	(72)	(8,663)
Income (loss) from discontinued operations, net of income taxes	$ 25,432	$ 72,286	$ (157,841)	$ (60,123)	$ (201)	$ (60,324)
Gain on disposal of discontinued operations, net of income taxes	$	$	$	$	$ 339	$ 339
2010						
Revenues	$ 1,115,389	$ 1,121,417	$	$ 2,236,806	$ 1,347	$ 2,238,153
Income (loss) before income taxes	$ 6,038	$ 105,808	$ (216,243)	$ (104,397)	$ 790	$ (103,607)
Income taxes	(9,515)	(28,784)	30,904	(7,395)	(161)	(7,556)
Income (loss) from discontinued operations, net of income taxes	$ (3,477)	$ 77,024	$ (185,339)	$ (111,792)	$ 629	$ (111,163)
Gain on disposal of discontinued operations, net of income taxes	$	$	$	$	$ 2,957	$ 2,957

2012 Compared with 2011 for Discontinued Operations

Asia Fresh: Asia Fresh revenues for the year ended December 29, 2012 increased 3% to $1.33 billion from $1.29 billion for the year ended December 31, 2011. Revenues increased primarily due to higher sales of fresh pineapples, citrus and other fresh fruit. Banana sales were down slightly as lower local pricing and unfavorable Korean won foreign currency exchange movements were partially offset by higher volumes sold primarily in Japan and the Middle East.

Income before income taxes in the Asia Fresh segment for the year ended December 29, 2012 decreased to a loss of $77.4 million compared to income of $30.6 million for the year ended December 31, 2011. The decrease was primarily due to lower local pricing of bananas, higher product costs, higher selling expenses, and unfavorable foreign currency exchange movements in the Philippine Peso, where products are sourced. In addition, Dole s operations in the Philippines were impacted by approximately $49 million of costs as a result of Typhoon Bopha. Earnings in Asia were also impacted by disruptions from delays related to China quarantine regulations which contributed to lower pricing and higher costs. If foreign currency exchange rates in Dole s Asia Fresh operations during the year ended December 29, 2012 had remained unchanged from those experienced during the year ended December 31, 2011, Dole estimates that Asia Fresh income before income taxes would have been higher by approximately $10 million.

Packaged Foods: Packaged foods revenues for the year ended December 29, 2012 increased 5% to $1.25 billion from $1.2 billion for the year ended December 31, 2011. Revenues increased primarily due to higher sales in the frozen fruit and healthy snacks businesses. Revenues also benefited from higher pricing of FRUIT BOWLS and canned pineapple juice in North America and higher sales in Asia. These improvements were partially offset by lower volumes of packaged fruit products sold in North America and lower pricing in Europe.

Income before taxes in the packaged foods segment for the year ended December 29, 2012 increased to $101.3 million from $95.9 million for the year ended December 31, 2011. The increase was due primarily to improved pricing for FRUIT BOWLS, canned pineapple juice and frozen fruit in North America and lower general and administrative expenses in North America as well as lower selling and marketing expenses in Asia. These improvements were partially offset by higher worldwide purchased fruit and tinplate costs experienced during the first half of 2012 and higher marketing expenditures associated with the introduction of new frozen fruit products.

Income tax expense increased by $66 million from fiscal 2011 to fiscal 2012 due to an accrual of $65 million recorded in discontinued operations for the potential future repatriation of $185 million from the sale of the Dole Asia non-U.S. operations.

2011 Compared with 2010 for Discontinued Operations

Asia Fresh: Asia Fresh revenues for the year ended December 31, 2011 increased 16% to $1.3 billion from $1.1 billion for the year ended January 1, 2011. Banana sales increased $112 million as a result of improved pricing and higher volumes sold. Banana sales also benefited from favorable Japanese yen foreign currency exchange movements. Revenues also increased $61 million due to higher local pricing and volumes of other fresh fruit and higher local pricing of fresh pineapples and fresh vegetables. Net favorable foreign currency exchange movements in Asia Fresh resulted in higher revenues of approximately $77 million during the year ended December 31, 2011.

Income before income taxes in the Asia Fresh segment for the year ended December 31, 2011 increased to $30.6 million from $6 million for the year ended January 1, 2011. Banana earnings increased primarily due to improved local pricing and favorable Japanese yen foreign currency exchange movements, partially offset by higher fruit costs and higher shipping, selling, marketing and general and administrative expenses. If foreign currency exchange rates in Dole s Asia Fresh operations during the year ended December 31, 2011 had remained unchanged from those experienced during the year ended January 1, 2011, Dole estimates that Asia Fresh income before income taxes would have been lower by approximately $26 million.

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

Income before taxes in the packaged foods segment for the year ended December 31, 2011 decreased to $95.9 million from $105.8 million for the year ended January 1, 2011. The decrease was due primarily to higher product, marketing, selling, and general and administrative costs worldwide, partially offset by higher pricing worldwide. The increase in product costs resulted from higher purchased fruit costs and unfavorable foreign currency exchange movements in Thailand and the Philippines, where product is sourced. Higher marketing expenditures were due to the 2011 product launches in North America. If foreign currency exchange rates in Dole s packaged foods foreign operations during the year ended December 31, 2011 had remained unchanged from those experienced during the year ended January 1, 2011, Dole estimates that packaged foods income before taxes would have been higher by approximately $14 million.

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Liquidity and Capital Resources

CASH REQUIREMENTS:

The following table summarizes Dole s contractual obligations and commitments at December 29, 2012:

	Payments Due by Period				
	Less Than 1 Year	1-2 Years	3-4 Years (In thousands)	After 4 Years	Total
Contractual obligations related to continuing operations:					
Fixed rate debt	157,413	175,372	315,468	703	648,956
Variable rate debt	8,787	17,574	136,774	823,767	986,902
Notes payable	19,762				19,762
Capital lease obligations	3,005	6,391	7,066	38,553	55,015
Non-cancelable operating lease commitments	75,817	83,204	30,976	32,343	222,340
Purchase obligations	759,007	429,710	28,775	13,803	1,231,295
Long-term Japanese yen hedges	34,523	35,593			70,116
Minimum required pension funding	22,388	41,605	36,419	72,850	173,262
Postretirement benefit payments	3,836	7,383	6,975	15,098	33,292
Interest payments on fixed and variable rate debt	105,789	152,501	109,852	26,777	394,919
Contractual obligations related to discontinued operations:					
Notes payable	42,927				42,927
Capital lease obligations	622	1,749	1,158	946	4,475
Non-cancelable operating lease commitments	13,674	20,854	17,843	42,838	95,209
Purchase obligations	61,722	32,448	22,282	12,869	129,321
Minimum required pension funding	5,363	13,840	12,919	26,151	58,273
Postretirement benefit payments	61	126	133	354	674
Interest payments on fixed and variable rate debt	165	232	148	144	689
Total contractual cash obligations	1,314,861	1,018,582	726,788	1,107,196	4,167,427

Short-Term Borrowings: Dole s short term debt borrowings consist primarily of notes payables to finance current operations. The terms of these borrowings range from one month to three months. Dole s notes payable at December 29, 2012 consist primarily of foreign borrowings in Asia and Latin America. Dole will cease foreign borrowings in Asia following the consummation of the sale transaction. The notes payable balance did not fluctuate significantly during the fiscal year. The weighted average interest rate on notes payable was 1.3% at December 29, 2012.

Long-Term Debt: Details of amounts included in long-term debt can be found in Note 12 of the Consolidated Financial Statements. The table assumes that long-term debt is held to maturity. The variable rate maturities include amounts payable under Dole s senior secured credit facilities.

Concurrent with the consumation of the sales transaction, the unsecured debt and secured debt included above in contractual obligations related to continuing operations will be repaid, defeased or discharged in full.

Capital Lease Obligations: Dole s capital lease obligations include $54 million related to two vessel leases. The obligations under these leases, which continue through 2026, are denominated in British pound sterling. The lease obligations are presented in U.S. dollars at the exchange rate in effect on December 29, 2012 and therefore will continue to fluctuate based on changes in the exchange rate.

Operating Lease Commitments: Dole has obligations under cancelable and non-cancelable operating leases, primarily for land, machinery and equipment, vessels and containers and office and warehouse facilities. The leased assets are used in Dole s operations where leasing offers advantages of operating flexibility and is less expensive than alternate types of funding. A significant portion of Dole s operating lease payments are fixed. Lease payments are charged to operations, primarily through cost of products sold.

Total rental expense, including rent related to cancelable and non-cancelable leases were as follows:

	December 29, 2012	December 31, 2011 (In thousands)	January 1, 2011
Continuing Operations:			
Rental expense, gross	$ 118,536	$ 133,158	$ 156,908
Sublease income	(23,306)	(17,336)	(16,154)
	$ 95,230	$ 115,822	$ 140,754
Discontinued Operations:			
Rental expense, gross	51,125	50,392	45,297
Sublease income	(152)	(83)	(157)
	$ 50,973	$ 50,309	$ 45,140

Dole and Castle and Cooke, Inc. are parties to a corporate aircraft lease agreement in which the parties are responsible for 68% and 32%, respectively, of all obligations. The corporate aircraft lease agreement includes a residual value guarantee of up to $7 million of which Dole s share is $4.8 million at the termination of the lease in 2018. Dole does not currently anticipate any future payments related to this residual value guarantee.

Purchase Obligations: In order to secure sufficient product to meet demand and to supplement Dole s own production, Dole enters into non-cancelable agreements with independent growers, primarily in Latin America and North America, to purchase substantially all of their production subject to market demand and product quality. Prices under these agreements are generally tied to prevailing market rates and contract terms range from one to ten years. Total purchases under these agreements were $708.1 million, $667.6 million and $637.3 million for 2012, 2011 and 2010, respectively. Of these total purchases, $132.8 million, $117.2 million and $91.4 million were related to discontinued operations for the years ended December 29, 2012, December 31, 2011 and January 1, 2011, respectively.

In order to ensure a steady supply of packing supplies and to maximize volume incentive rebates, Dole enters into contracts for the purchase of packing supplies; some of these contracts run through 2013. Prices under these agreements are generally tied to prevailing market rates. Purchases under these contracts for 2012, 2011 and 2010 were approximately $209 million, $199 million and $190.4 million, respectively. Of these total contracts, $44.9 million, $46.7 million and $32.9 million were related to discontinued operations for the years ended December 29, 2012, December 31, 2011 and January 1, 2011, respectively.

Interest Payments on Fixed and Variable Rate Debt: Commitments for interest expense on debt, including capital lease obligations, were determined based on anticipated annual average debt balances, after factoring in mandatory debt repayments. Interest expense on variable-rate debt has been based on the prevailing interest rates at December 29, 2012. No interest payments were calculated on the notes payable due to the short term nature of these instruments. The secured notes and the debentures as well as the secured term loans and revolving credit facility mature by their terms at various times between 2013 and 2017, but all will be repaid, defeased or discharged at the time of the closing of the sale transaction. See Page 52 Transactions Affecting Liquidity and Capital Resources.

Long-term Japanese Yen Hedges: Details regarding Dole s long-term Japanese yen hedges can be found in Note 18 of the consolidated financial statements. Upon entering into the long-term Japanese yen hedges, Dole designated the long-term Japanese yen forward contracts as cash flow hedges of its forecasted Japanese yen

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revenue stream. Due to the fact that there is a significant financing element present at the inception of the long-term Japanese yen hedges, the cash inflows or outflows associated with settlement of these contracts are included within the financing activities in Dole s consolidated statement of cash flows. While the long-term Japanese yen hedges were designated as cash flow hedges, a portion of the long-term Japanese yen hedges were deemed ineffective. With respect to this portion, changes in the fair value of the hedges were recorded in other income (expense), net because the ineffectiveness was considered to be caused by the financing element of this instrument. As a result of the reclassification of Dole Asia s results of operations into discontinued operations, amounts previously recorded to other income (expense), net for the long-term Japanese yen hedges for all periods are recorded in discontinued operations.

As a result of the sale transaction, it was no longer considered to be probable that the forecasted Japanese yen revenue streams in 2013 and 2014 would occur. Accordingly, Dole de-designated these contracts as cash flow hedges on that date. Changes in the fair value of these hedges subsequent to September 17, 2012, were recorded to discontinued operations, net in the consolidated statement of operations. During the fourth quarter of 2012, management determined that it was no longer reasonably possible that the forecasted Japanese yen revenue streams would occur; the amounts remaining in accumulated other comprehensive income (loss) for the long-term Japanese yen forward contracts were reclassified and recorded in discontinued operations in the consolidated statement of operations.

On March 8, 2013, Dole entered into an agreement to settle the long-term Japanese yen hedges, for $25.1 million payable after the close of the sale transaction.

Other Obligations and Commitments: Dole has obligations with respect to its pension and other postretirement benefit (OPRB) plans. During 2012, Dole contributed $16.5 million to its qualified U.S. pension plan. These contributions were made to comply with minimum funding requirements under the Internal Revenue Code as amended by the Pension Protection Act of 2006. Dole expects to contribute $13.3 million to its U.S. qualified plan during 2013. Dole also has nonqualified U.S. and international pension and OPRB plans. During 2012, Dole made payments of $20.1 million related to these pension and OPRB plans. Dole expects to make payments of $18.3 million related to its other U.S. and foreign pension and OPRB plans in 2013. The table includes pension and other postretirement payments through 2020. See Note 13 to the Consolidated Financial Statements.

Dole has numerous collective bargaining agreements with various unions covering approximately 45% of Dole s continuing operations hourly full-time and seasonal employees. Of these unionized employees, 57% are covered under collective bargaining agreements that will expire within one year and the remaining 43% are covered under collective bargaining agreements expiring beyond the upcoming year. Dole Asia has collective bargaining agreements with various unions that cover approximately 29% of employees, of which 92% are covered under collective bargaining agreements that expire within one year, and 8% that expire beyond the upcoming year. These agreements are subject to periodic negotiation and renewal. Failure to renew any of these collective bargaining agreements may result in a strike or work stoppage; however management does not expect that the outcome of these negotiations and renewals will have a material adverse impact on Dole s financial condition or results of operations.

Dole had approximately $92 million of total unrecognized tax benefits, including interest and penalties at December 29, 2012. At this time, Dole believes that it is reasonably possible that the total amount of unrecognized tax benefits could decrease in 2013 by cash payments of approximately $20 million relating to non-U.S. audit settlements.

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SOURCES AND USES OF CASH:

	2012	2011 (In thousands)	2010
Cash flow provided by (used in):			
Operating activities	$ 45,278	$ 5,125	$ 147,639
Investing activities	(75,581)	(82,735)	(69,917)
Financing activities	(534)	29,490	(29,371)
Foreign currency impact	68	321	2,126
Increase (decrease) in cash	$ (30,769)	$ (47,799)	$ 50,477

Overview

The following discussion provides information for Dole including both continuing and discontinued operations.

As of December 29, 2012, Dole had cash and cash equivalents of $91.6 million and an asset-based lending senior secured revolving credit facility (ABL revolver) borrowing base of $331.3 million. After taking into account $95 million of outstanding letters of credit issued under the ABL revolver and the outstanding ABL balance, Dole had approximately $117.1 million available for borrowings as of December 29, 2012. The ABL revolver is secured by and is subject to a borrowing base consisting of up to 85% of eligible accounts receivable plus a predetermined percentage of eligible inventory, as defined in the credit facility. During 2012, the average borrowings under the ABL revolver were approximately $61 million and the maximum borrowing outstanding was approximately $129 million. The ABL revolver will be repaid in full at the time of the consummation of the sale transaction.

At December 29, 2012, Dole had total outstanding long-term secured debt borrowings of $1.51 billion (consisting primarily of notes, net of debt discount, term loan facilities and capital lease obligations). Amounts outstanding under the term loan facilities were $867.7 million at December 29, 2012. The term loan facilities and the long-term notes will be repaid, defeased or discharged in full at the time of the consummation of the sale transaction.

The ABL revolver and term loan facilities are collateralized by substantially all of our tangible and intangible assets, excluding the capital stock of our subsidiaries, certain intercompany debt, certain equity interests and each of Dole s U.S. manufacturing plants and processing facilities that have a net book value exceeding 1% of our net tangible assets.

Dole s subsidiaries have uncommitted lines of credit of approximately $26 million at various local banks, of which $6.3 million was available at December 29, 2012. Dole s discontinued operation subsidiaries have uncommitted lines of credit of approximately $141.2 million at various local banks, of which $94.4 million was available at December 29, 2012. These lines of credit are used primarily for short-term borrowings, foreign currency exchange settlement and the issuance of letters of credit or bank guarantees. Several of Dole s uncommitted lines of credit expire in 2013 while others do not have a commitment expiration date. These arrangements may be cancelled at any time by Dole or the banks. Dole s ability to utilize these lines of credit may be impacted by the terms of Dole s new, post-sale-transaction capital structure.

Dole s management believes that borrowings under our new, post-sale-transaction capital structure and subsidiaries uncommitted lines of credit, together with our existing cash balances, future cash flow from operations, planned asset sales and access to capital markets, will enable Dole to meet its working capital, capital expenditure, debt maturity and other commitments and funding requirements over the next twelve months. Dole management s plan is dependent upon the occurrence of future events which will be impacted by a number of

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factors including the availability of refinancing, the general economic environment in which Dole operates, Dole s ability to generate cash flows from its operations, and Dole s ability to attract buyers for assets being marketed for sale. Factors impacting Dole s cash flow from operations include, but are not limited to, items such as commodity prices, interest rates and foreign currency exchange rates, among other things, as more fully set forth in Item 1A, Risk Factors, of this Form 10-K.

Cash Flows from Operating Activities

Cash flows provided by operating activities were $45.3 million in 2012 compared to $5.1 million in the prior year. The increase was primarily due to lower inventory spending as prior year reflected increased inventory levels to support new products and higher levels of accounts payable and accrued liabilities due to timing. These factors were partially offset by lower income and higher levels of receivables. Cash flows provided by operating activities were $5.1 million in 2011 compared to cash flows provided by operating activities of $147.6 million in the prior year. The decrease was primarily due to higher inventory costs attributable to rising commodity prices as well as supporting new products and other revenue growth and lower levels of accounts payable and accrued liabilities due to timing. These factors were partially offset by higher net income.

Cash Flows from Investing Activities

Cash flows used in investing activities were $75.6 million in 2012 compared to $82.7 million in the prior year. The decrease was mainly due to lower cash payments for acquisitions of approximately $63.2 million and lower equity method investments of $8 million. These factors were partially offset by the elimination of the collateral requirement for the cross currency swap in 2011, as well as higher capital expenditures in fiscal 2012. Cash flows used in investing activities were $82.7 million in 2011 compared to cash flow used in investing activities of $69.9 million in the prior year. The increase was mainly due to the acquisition of SunnyRidge which used approximately $78 million of cash at closing and equity method investments of $8 million. These factors were partially offset by lower levels of restricted deposits primarily due to the elimination of the collateral requirement for the cross currency swap Dole currently estimates that its 2013 capital additions will be approximately $170 million.

Cash Flows from Financing Activities

Cash flows used in financing activities were $0.5 million in 2012 compared to cash flows provided by financing activities of $29.5 million in the prior year. The decrease was mainly due to higher long-term Japanese yen hedge settlements of $48.8 million, offset by lower debt issuance costs and premiums paid associated with the 2011 refinancing and early retirement of debt of $23.2 million. Cash flows provided by financing activities were $29.5 million in 2011 compared to $29.4 million cash flows used in the prior year. The change was mainly due to $68.7 million of higher borrowings, net of repayments, compared to 2010.

Dividends, Capital Contributions and Return of Capital: Dole s ability to declare and pay future dividends is subject to limitations contained in its senior secured credit facilities and bond indentures. At present, under such limitations, Dole could not declare or pay dividends exceeding $25 million in the aggregate.

Transactions Affecting Liquidity and Capital Resources

We expect to enter into a new capital structure, consisting of a new term loan and a revolving credit facility, concurrently with the consummation of the sale transaction. The term loan, together with substantially all of the net proceeds from the sale transaction, will allow us to pay off our existing indebtedness of approximately $1.6 billion, and will provide funding for transaction-related taxes, costs and expenses, extinguishment of long-term Japanese yen hedges, post-closing restructuring expenses, and possible resolution of previously disclosed legal-related matters.

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Guarantees, Contingencies and Debt Covenants

Dole is a guarantor of indebtedness of some of its key fruit suppliers and other entities integral to Dole s operations. At December 29, 2012, guarantees of $6.5 million consisted primarily of amounts advanced under third-party bank agreements to independent growers that supply Dole with product, all related to Dole Asia. Dole has not historically experienced any significant losses associated with these guarantees.

Dole issues letters of credit and bank guarantees through its ABL revolver and, in addition, separately through major banking institutions. Dole also provides bonds issued by insurance companies. These letters of credit, bank guarantees and insurance company bonds are required by certain regulatory authorities, suppliers and other operating agreements. As of December 29, 2012, total letters of credit, bank guarantees and bonds outstanding under these arrangements were $195 million, of which $12.8 million related to discontinued operations.

Dole also provides various guarantees, mostly to foreign banks, in the course of its normal business operations to support the borrowings, leases and other obligations of its subsidiaries. Dole guaranteed $133.2 million of its subsidiaries obligations to suppliers and other third parties as of December 29, 2012, $24.8 million of these guarantees related to discontinued operations.

Dole has change of control agreements with certain key executives, under which severance payments and benefits would become payable in the event of specified terminations of employment following a change of control (as defined) of Dole. Refer to Item 11 of this Form 10-K, under the heading Severance and Change of Control Arrangements for additional information concerning the change of control agreements.

As disclosed in Note 18 to the Consolidated Financial Statements, Dole is subject to legal actions, most notably related to Dole s prior use of the agricultural chemical dibromochloropropane, or DBCP. Although no assurance can be given concerning the outcome of these cases, in the opinion of management, after consultation with legal counsel and based on past experience defending and settling DBCP claims, the pending lawsuits are not expected to have a material adverse effect on Dole s business, financial condition or results of operations.

Provisions under the currently existing senior secured credit facilities and the indentures governing Dole s senior notes and debentures require Dole to comply with certain covenants. These covenants include limitations on, among other things, indebtedness, investments, liens, loans to subsidiaries, employees and third parties, the issuance of guarantees and the payment of dividends. The ABL revolver also contains a springing covenant, which would not be effective unless the availability under the ABL revolver were to fall below the greater of (i) $35 million and (ii) 12.5% of the lesser of the Total Commitment (as defined) and the borrowing base. To date, the springing covenant has never been effective and Dole does not currently anticipate that the springing covenant will become effective. At December 29, 2012, Dole was in compliance with all applicable covenants. We expect to enter into a new capital structure, consisting of a new term loan and a revolving credit facility, concurrently with the consummation of the sale transaction. These facilities, constituting a much lower level of debt than exists at present, are likely to contain covenants that will differ, in certain respects, from the covenants contained in the currently existing facilities.

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

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Critical Accounting Policies and Estimates

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that affect reported amounts. These estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and on other factors that management believes are reasonable. Estimates and assumptions include, but are not limited to, the areas of customer and grower receivables, inventories, impairment of assets, useful lives of property, plant and equipment, intangible assets, income taxes, retirement benefits, financial instruments and commitments and contingencies.

Dole s management believes that the following represent the areas where more critical estimates and assumptions are used in the preparation of the Consolidated Financial Statements. Refer to Note 2 of the Consolidated Financial Statements for a summary of Dole s significant accounting policies.

Grower Advances: Dole makes advances to third-party growers primarily in Latin America and Asia for various farming needs. Some of these advances are secured with property or other collateral owned by the growers. Dole monitors these receivables on a regular basis and records an allowance based on estimates of the growers ability to repay advances and the fair value of the collateral. These estimates require significant judgment because of the inherent risks and uncertainties underlying the growers ability to repay these advances. These factors include weather-related phenomena, government-mandated fruit prices, market responses to industry volume pressures, grower competition, fluctuations in local interest rates, economic crises, security risks in developing countries, political instability, outbreak of plant disease, inconsistent or poor farming practices of growers, and foreign currency fluctuations. For continuing operations, the aggregate amounts of grower advances made during fiscal years 2012, 2011 and 2010 were approximately $185.1 million, $170.4 million and $146.6 million, respectively. For discontinued operations, the aggregate amounts of grower advances made during fiscal years 2012, 2011 and 2010 were approximately $40.7 million, $32.1 million and $22.9 million, respectively. Net grower advances receivable for continuing operations were $43.5 million and $24.9 million at December 29, 2012 and December 31, 2011, respectively. Net grower advances receivable for discontinued operations were $11.7 million and $23.4 million at December 29, 2012 and December 31, 2011, respectively.

Long-Lived Assets: Dole s long-lived assets consist of 1) property, plant and equipment and amortized intangibles and 2) goodwill and indefinite-lived intangible assets.

1) Property, Plant and Equipment and Amortizable Intangibles: Dole depreciates property, plant and equipment and amortizes intangibles principally by the straight-line method over the estimated useful lives of these assets. Estimates of useful lives are based on the nature of the underlying assets as well as Dole s experience with similar assets and intended use. Estimates of useful lives can differ from actual useful lives due to the inherent uncertainty in making these estimates. This is particularly true for Dole s significant long-lived assets such as land improvements, buildings, farming machinery and equipment, vessels and containers and customer relationships. Factors such as the conditions in which the assets are used, availability of capital to replace assets, frequency of maintenance, changes in farming techniques and changes to customer relationships can influence the useful lives of these assets. Refer to Notes 10 and 11 of the Consolidated Financial Statements for a summary of useful lives by major asset category and for further details on Dole s intangible assets, respectively. Dole incurred depreciation expense from continuing operations of $61.9 million, $63.1 million and $75.8 million for the years ended December 29, 2012, December 31, 2011, and January 1, 2011, respectively. The depreciation expense on property, plant and equipment for discontinued operations totaled $34.1 million, $36.4 million and $34.6 million for the years ended December 29, 2012, December 31, 2011, and January 1, 2011, respectively. Amortization expense of intangibles from continuing operations totaled $3.9 million, $0.8 million and $0.1 million for the years ended December 29, 2012, December 31, 2011 and January 1, 2011, respectively. Amortization expense of intangibles included in discontinued operations totaled $4.8 million, $3.7 million and $3.7 million for the years ended December 29, 2012, December 31, 2011, and January 1, 2011, respectively.

Dole s management reviews property, plant and equipment and amortizable intangibles to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an evaluation of recoverability is required, the estimated total undiscounted future cash flows directly associated with the asset is compared to the asset s carrying amount. If this comparison indicates that there is an impairment, the amount of the impairment is calculated by comparing the carrying value to the discounted future cash flows expected to result from the use of the asset and its eventual disposition or comparable market values, depending on the nature of the asset. Changes in commodity pricing, weather-related phenomena and other market conditions are events that have historically caused Dole s management to assess the carrying amount of its long-lived assets.

2) Goodwill and Indefinite-Lived Intangible Assets: Dole s indefinite-lived intangible assets consist of the DOLE© brand trade name (Dole trade name), with a carrying value of $689.6 million. In connection with the sale of Dole Asia, ITOCHU will receive a perpetual, non-transferable, royalty-free license to use the Dole trade name in Dole Asia s operations. As a result, approximately $460 million of the Dole trade name was allocated to Dole Asia during the fourth quarter of 2012 once the assets-held-for-sale criteria were met. In addition, approximately $73 million of goodwill previously included in the Fresh Fruit reportable operating segment related to the Asia Fresh component and $67 million of goodwill related to the packaged foods reportable operating segment were reclassified to assets-held-for-sale during the fourth quarter of 2012.

Goodwill and indefinite-lived intangible assets are tested for impairment annually during the second fiscal quarter and whenever events or circumstances indicate that an impairment may have occurred. Indefinite-lived intangibles are tested for impairment by comparing the fair value of the asset to the carrying value. In connection with the fourth quarter 2012 allocation of a portion of the Fresh Fruit goodwill and the Dole trade name to assets-held-for-sale, the goodwill remaining in the Fresh Fruit reportable operating segment and the Dole name remaining with Dole were tested for impairment based on the adjusted balances that will remain with Dole. These tests indicated there was no impairment to the remaining fresh fruit goodwill and the remaining trade name balances.

Income Taxes: Deferred income taxes are recognized for the income tax effect of temporary differences between financial statement carrying amounts and the income tax bases of assets and liabilities. Dole s provision for income taxes is based on domestic and international statutory income tax rates in the jurisdictions in which it operates. Dole regularly reviews its deferred income tax assets to determine whether future taxable income will be sufficient to realize the benefits of these assets. A valuation allowance is provided for deferred income tax assets for which it is deemed more likely than not that future taxable income will not be sufficient to realize the related income tax benefits from these assets. In making such determination, Dole s management considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In the event it is determined that Dole will not be able to realize its net deferred tax assets in the future, Dole will reduce such amounts through a charge to income in the period such determination is made. Conversely, if it is determined that Dole will be able to realize deferred tax assets in excess of the carrying amounts, Dole will decrease the recorded valuation allowance through a credit to income in the period that such determination is made.

At December 29, 2012, management s estimates of future taxable income to recover its existing U.S. state deferred tax assets totaling approximately $47 million are principally related to the realization of income on appreciated non-core assets, including income to be generated from the reversal of the related existing taxable temporary differences upon the sale of such assets and the gain on the impending sale of the U.S packaged foods assets to ITOCHU. Although Dole s management currently believes it will be able to sell such appreciated non-core assets in amounts sufficient to realize its U.S. federal deferred tax assets, the ultimate sale prices for such assets are dependent on future market conditions and may vary from those currently expected. If Dole is unable to sell such assets at the amounts currently anticipated, valuation allowances may be necessary which would result in the recognition of additional income tax expense in Dole s consolidated statements of operations.

Significant judgment is required in determining income tax provisions, and in evaluating tax positions. Dole establishes additional provisions for income taxes when, despite the belief that tax positions are fully supportable, there remain positions that do not meet the minimum probability threshold, which is a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority. In the normal course of business, Dole and its subsidiaries are examined by various federal, state and foreign tax authorities.

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Dole s management regularly assesses the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of its provision for income taxes. Dole s management continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts that give rise to a revision become known. At this time, Dole believes that it is reasonably possible that the total amount of unrecognized tax benefits could decrease in 2013 by approximately $20 million relating to non-U.S. audit settlements.

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

Pension and Other Postretirement Benefits: Dole has qualified and nonqualified defined benefit pension plans covering some of its full-time employees. Benefits under these plans are generally based on each employee s eligible compensation and years of service, except for certain plans covering union employees, which are based on negotiated benefits. In addition to pension plans, Dole has other postretirement benefit (OPRB) plans that provide health care and life insurance benefits for eligible retired employees. Covered employees may become eligible for such benefits if they fulfill established requirements upon reaching retirement age. Pension and OPRB costs and obligations are calculated based on actuarial assumptions including discount rates, health care cost trend rates, compensation increases, expected return on plan assets, mortality rates and other factors.

Pension obligations and expenses are most sensitive to the expected return on pension plan assets and discount rate assumptions. OPRB obligations and expenses are most sensitive to discount rate assumptions and health care cost trend rates. Dole s management determines the expected return on pension plan assets based on an expectation of average annual returns over an extended period of years for the asset classes in which the plan s assets are invested. In the absence of a change in Dole s asset allocation or investment philosophy, this estimate is not expected to vary significantly from year to year. Dole s 2012 and 2011 pension expense was determined using an expected rate of return on U.S. plan assets of 7.5% and 8%, respectively. At December 29, 2012, Dole s U.S. pension plan investment portfolio was invested approximately 49% in equity securities, 50% in fixed income securities and 1% in private equity and venture capital funds. A 25 basis point change in the expected rate of return on pension plan assets would impact annual pension expense by $0.5 million.

The discount rate of 3.75% in 2012 and 4.72% in 2011 for Dole s U.S. pension plan was determined based on a hypothetical portfolio of high-quality, non-callable, zero-coupon bonds with amounts and maturities that match the projected future benefit payments from that plan. Discount rates for Dole s other U.S. plans were determined in a similar manner. A 25 basis point decrease in the assumed discount rate would increase the projected benefit obligation for the U.S. pension plans by $8.7 million and increase the annual expense by $0.5 million.

Dole s foreign pension plans weighted average discount rate was 6.09% and 6.51% for 2012 and 2011, respectively. A 25 basis point decrease in the assumed discount rate of the foreign plans would increase the projected benefit obligation by approximately $3.2 million and increase the annual expense by approximately $0.3 million.

While management believes that the assumptions used are appropriate, actual results may differ materially from these assumptions. These differences may impact the amount of pension and other postretirement obligations and future expense. Refer to Note 13 of the Consolidated Financial Statements for additional details of Dole s pension and other postretirement benefit plans.

Litigation: Dole is involved from time to time in claims and legal actions incidental to its operations, both as plaintiff and defendant. Dole s management has established what it currently believes to be adequate reserves for pending legal matters. These reserves are established as part of an ongoing worldwide assessment of claims and legal actions that takes into consideration such items as changes in the pending case load (including resolved and new matters), opinions of legal counsel, individual developments in court proceedings, changes in the law, changes in business focus, changes in the litigation environment, changes in opponent strategy and tactics, new developments as a result of ongoing discovery, and past experience in defending and settling similar claims. Changes in accruals are part of the ordinary, recurring course of business, in which management, after consultation with legal counsel, is required to make estimates of various amounts for business planning purposes, as well as for accounting and SEC reporting purposes. These changes are reflected in the reported earnings of Dole each quarter. The litigation accruals at any time reflect updated assessments of the then existing pool of claims and legal actions. Actual litigation settlements could differ materially from these accruals.

Recently Adopted and Recently Issued Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements for information regarding Dole s adoption of recently issued accounting pronouncements.

Other Matters

European Union (EU) Banana Import Regime: Under the World Trade Organization Geneva Agreement on Trade in Bananas reached in 2009, 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 euros per metric ton on January 1, 2017 or January 1, 2019 (the 2019 date applies if no further trade agreements are reached in the ongoing Doha Development Agenda global trade discussions). Bananas from African, Caribbean, and Pacific countries may be imported to the EU duty-free.

In addition, the EU has negotiated several free trade areas agreements (FTA) that will allow for an even lower import tariff on specified volumes of banana exports from certain countries. An EU-Colombia-Peru FTA 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. The EU and Peru have fully ratified their respective FTA, but Colombia is still pursuing its internal ratification process. On February 28, 2013, the European Council approved provisional entry into force of the FTA for Peru; however the EU-Colombia-Peru FTA is expected to be fully ratified by Colombia and come into force within the next few months. The ratification of the EU-Central American FTA is also ongoing and is similarly expected to come into force sometime during 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 the specific dates when these FTAs will come into force or if Ecuador will be successful in negotiating similar trade terms with the EU for Ecuadorian bananas.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

As a result of its global operating and financing activities, Dole is exposed to market risks including fluctuations in interest rates, fluctuations in foreign currency exchange rates and changes in commodity pricing. Dole uses derivative instruments to hedge against fluctuations in interest rates, foreign currency exchange rate movements and bunker fuel prices. Dole does not utilize derivatives for trading or other speculative purposes.

Interest Rate Risk: As a result of its normal borrowing and leasing activities, Dole s operating results are exposed to fluctuations in interest rates. Dole has short-term and long-term debt with both fixed and variable interest rates. Short-term debt primarily comprises the current portion of long-term debt maturing within twelve months from the balance sheet date. Short-term debt also includes unsecured notes payable to banks and bank lines of credit used to finance working capital requirements. Long-term debt represents publicly held secured and unsecured notes and debentures, as well as amounts outstanding under Dole s senior secured credit facilities.

As of December 29, 2012, Dole had $637.6 million of fixed-rate debt, $1 million of fixed-rate capital lease obligations and $4.1 million of other debt with a combined weighted average interest rate of 9.6% and a fair value of $686.8 million. Dole currently estimates that a 100 basis point increase in prevailing market interest rates would decrease the fair value of its fixed-rate debt by approximately $8 million.

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As of December 29, 2012, Dole had the following variable-rate arrangements: $977.7 million of variable-rate debt and $54 million of variable-rate capital lease obligations with a combined weighted average interest rate of 4.7%. Interest expense under the majority of these arrangements is based on the London Interbank Offered Rate (LIBOR). Dole currently estimates that a 100 basis point increase in LIBOR would lower pretax income by approximately $10 million.

Foreign Currency Exchange Risk: Dole products are sourced, grown, processed, marketed and distributed worldwide in more than 90 countries. Its international sales are usually transacted in U.S. dollars and major European and, prior to the consummation of the sale transaction, Asian currencies. Some of Dole s costs are incurred in currencies different from those received from the sale of products. Results of operations may be affected by fluctuations in currency exchange rates in both sourcing and selling locations.

Dole s continuing operations have significant European sales denominated primarily in euro and Swedish krona. Product and shipping costs associated with a significant portion of these sales are U.S. dollar-denominated. In 2012, Dole had approximately $745 million of annual sales denominated in euro, and $466 million of annual sales denominated in Swedish krona. If U.S. dollar exchange rates versus the euro and Swedish krona during 2012 had remained unchanged from 2011, Dole s revenues would have been higher by approximately $82 million. Operating income would have been higher by approximately $12 million, excluding the impact of hedges. In addition, Dole estimates that a 10% strengthening of the U.S. dollar relative to the euro and Swedish krona would lower operating income by approximately $16 million, excluding the impact of foreign currency exchange hedges.

Dole s discontinued operations have significant sales denominated in Japanese yen. Product and shipping costs associated with a significant portion of these sales are U.S. dollar-denominated. In 2012, Dole had approximately $815 million of annual sales denominated in Japanese yen. If U.S. dollar exchange rates versus the Japanese yen during 2012 had remained unchanged from 2011, the impact on Dole s discontinued operations would have been immaterial. In addition, Dole currently estimates that a 10% strengthening of the U.S. dollar relative to the Japanese yen would lower results of discontinued operations by approximately $26 million, excluding the impact of foreign currency exchange hedges.

Dole sources the majority of its products in foreign locations and accordingly is exposed to changes in exchange rates between the U.S. dollar and currencies in these sourcing locations. Dole s exposure to exchange rate fluctuations in these sourcing locations is partially mitigated by entering into U.S. dollar denominated contracts for third-party purchased product and most other major supply agreements, including shipping contracts. However, Dole is still exposed to those costs that are denominated in local currencies. The most significant production currencies to which Dole has exchange rate risk for continuing operations are the Chilean peso and South African rand. If U.S. dollar exchange rates versus these currencies during 2012 had remained unchanged from 2011, the results on Dole s operating income would have been immaterial. In addition, Dole currently estimates that a 10% weakening of the U.S. dollar relative to these currencies would have had an immaterial impact on operating income, excluding the impact of foreign currency exchange hedges.

The most significant production currencies to which Dole has exchange rate risk for discontinued operations are the Thai baht and Philippine peso. If U.S. dollar exchange rates versus these currencies during 2012 had remained unchanged from 2011, Dole s results from discontinued operations would have been higher by approximately $5 million. In addition, Dole currently estimates that a 10% weakening of the U.S. dollar relative to these currencies would lower operating income by approximately $81 million, excluding the impact of foreign currency exchange hedges.

At December 29, 2012, Dole had British pound sterling denominated capital lease obligations. The British pound sterling denominated capital lease of $54 million is owed by foreign subsidiaries whose functional currency is the U.S. dollar. Fluctuations in the British pound sterling to U.S. dollar exchange rate result in gains/losses that are recognized through results of operations. In 2012, Dole recognized $2.4 million in foreign currency exchange losses related to the British pound sterling denominated capital lease. Dole currently estimates that the weakening of the value of the U.S. dollar against the British pound sterling by 10% as it relates to the capital lease obligation would decrease operating income by approximately $5 million.

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Some of Dole s divisions operate in functional currencies other than the U.S. dollar. The net assets of these divisions are exposed to foreign currency translation gains and losses, which are included as a component of accumulated other comprehensive loss in shareholders equity. Such translation resulted in unrealized gains of approximately $4 million in 2012. Dole has historically not attempted to hedge this equity risk.

The ultimate impact of future changes to these and other foreign currency exchange rates on 2013 revenues, operating income, net income, equity and comprehensive income is not determinable at this time.

As part of its risk management strategy, Dole uses derivative instruments to hedge certain foreign currency exchange rate exposures. Dole s objective is to offset gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them, thereby reducing volatility of earnings. Dole uses foreign currency exchange forward contracts to reduce its risk related to anticipated dollar equivalent foreign currency cash flows, specifically forecasted revenue transactions and forecasted operating expenses. Participating forwards are the combination of a put and call option, structured such that there is no premium payment, there is a guaranteed strike price, and Dole can benefit from positive foreign currency exchange movements on a portion of the notional amount.

At December 29, 2012, Dole s foreign currency hedge portfolio was as follows:

	Gross Notional Value Forwards	Fair Market Value Assets (Liabilities)	Average Strike Price
	(In thousands, except average strike price)		
Foreign Currency Hedges(buy/sell):			
U.S. dollar/Japanese yen	$ 387,393	$ (69,564)	JPY 101.30/$
U.S. dollar/Euro	$ 141,167	(1,688)	EUR 1.28/$
Chilean Peso/U.S. dollar	$ 26,615	137	CLP 490.47/$
South African Rand/Euro	2,735	65	ZAR 11.63/
South African Rand /U.S. dollar	$ 1,260	4	ZAR 8.95/$
South African Rand/ British pound sterling	£ 400	3	ZAR 14.16/£
Total		$ (71,043)	

Commodity Sales Price Risk: Commodity pricing exposures include the potential impacts of weather phenomena and their effect on industry volumes, prices, product quality and costs. Dole manages its exposure to commodity price risk primarily through its regular operating activities, however, significant commodity price fluctuations, particularly for bananas, pineapples, fresh-packed vegetables and berries could have a material impact on Dole s results of operations.

Commodity Purchase Price Risk: Dole uses a number of commodities in its operations, including containerboard in its packaging containers and bunker fuel for its vessels. Dole is most exposed to market fluctuations in prices of containerboard and fuel. Dole currently estimates that a 10% increase in the price of containerboard would lower operating income by approximately $12 million and a 10% increase in the price of bunker fuel would lower operating income by approximately $16 million.

Dole enters into bunker fuel hedges to reduce its risk related to price fluctuations on anticipated bunker fuel purchases. At December 29, 2012, bunker fuel hedges had an aggregate outstanding notional amount of 18,833 metric tons. The fair value of the bunker fuel hedges at December 29, 2012 was an asset of $0.5 million. For the year ended December 29, 2012, Dole recorded realized gains of $1.7 million. During 2012, unrealized losses were $1.1 million.

Counterparty Risk: The counterparties to Dole s derivative instruments contracts consist of a number of major international financial institutions. Dole has established counterparty guidelines and regularly monitors its positions and the financial strength of these institutions. While counterparties to hedging contracts expose Dole to credit-related losses in the event of a counterparty s non-performance, the risk would be limited to the unrealized gains on such affected contracts. Dole does not anticipate any such losses.

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Item 8. ***Financial Statements and Supplementary Data***

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Dole Food Company, Inc. and subsidiaries (the Company) as of December 29, 2012 and December 31, 2011, and the related consolidated statements of operations, comprehensive income (loss), shareholders equity, and cash flows for the years ended December 29, 2012, December 31, 2011, and January 1, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Dole Food Company, Inc. and subsidiaries at December 29, 2012 and December 31, 2011, and the results of their operations and its cash flows for the years ended December 29, 2012, December 31, 2011 and January 1, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Notes 3 and 4 to the consolidated financial statements, during the year ended December 29, 2012, the Company signed a definitive agreement with ITOCHU Corporation to sell its worldwide packaged foods and Asia fresh produce businesses (collectively Dole Asia). The results of operations of Dole Asia are included in discontinued operations in the accompanying financial statements for all periods presented.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 29, 2012 based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 12, 2013 expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ Deloitte & Touche LLP

Los Angeles, California
March 12, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Westlake Village, California

We have audited the internal control over financial reporting of Dole Food Company, Inc. and subsidiaries (the Company) as of December 29, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Annual Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 29, 2012, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 29, 2012 of the Company and our report dated March 12, 2013 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph regarding the presentation of the results of operations of the Company s worldwide packaged foods and Asia fresh produce businesses as discontinued operations in the consolidated financial statements.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California
March 12, 2013

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DOLE FOOD COMPANY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 29, 2012, December 31, 2011 and January 1, 2011

	2012	2011	2010
	(In thousands, except per share data)		
Revenues, net	$ 4,246,708	$ 4,778,424	$ 4,686,858
Cost of products sold	(3,878,942)	(4,375,760)	(4,331,336)
Gross margin	367,766	402,664	355,522
Selling, marketing and general and administrative expenses	(310,534)	(289,758)	(279,471)
Charges for restructuring and long-term receivables (Note 5 and 6)	(5,158)	(16,412)	(31,459)
ITOCHU transaction related costs (Note 3)	(48,395)		
Gain on legal settlements, net (Note 18)			32,521
Gain on asset sales (Note 9)	12,913	4,541	3,017
Operating income	16,592	101,035	80,130
Other income (expense), net	(3,130)	(380)	(276)
Interest income	4,654	4,093	5,871
Interest expense	(12,219)	(9,628)	(8,256)
Income from continuing operations before income taxes and equity earnings	5,897	95,120	77,469
Income taxes	(10,755)	2,070	(6,000)
Earnings from equity method investments	6,063	4,588	6,571
Income from continuing operations, net of income taxes	1,205	101,778	78,040
Loss from discontinued operations, net of income taxes	(150,003)	(60,324)	(111,163)
Gain on disposal of discontinued operations, net of income taxes	7,231	339	2,957
Net income (loss)	(141,567)	41,793	(30,166)
Less: Net income attributable to noncontrolling interests	(2,896)	(3,434)	(3,958)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	$ (144,463)	$ 38,359	$ (34,124)
Earnings per share Basic (Note 21):			
Income from continuing operations excluding net income attributable to noncontrolling interests	$ 0.00	$ 1.15	$ 0.88
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	$ (1.64)	$ 0.44	$ (0.39)
Earnings per share Diluted (Note 21):			
Income from continuing operations excluding net income attributable to noncontrolling interests	$ 0.00	$ 1.14	$ 0.88
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	$ (1.64)	$ 0.44	$ (0.39)

See Notes to Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the Years Ended December 29, 2012, December 31, 2011 and January 1, 2011

	2012	2011	2010
		(In thousands)	
Net income (loss)	$ (141,567)	$ 41,793	$ (30,166)
Net foreign currency translation adjustment	4,028	(11,717)	3,844
Unrealized hedging gains (losses), net of income tax expense (benefit) of $2,079, $(2,914), and $1,907	25,318	(45,619)	(14,416)
Reclassification of realized losses to net income (loss), net of income tax expense (benefit) $(1,132), $1,281, and $(47)	12,003	32,751	9,390
Change in employee benefit plans, net of income tax expense (benefit) of ($9,082), ($8,964), and ($1,019)	(17,414)	(22,872)	(19,443)
Comprehensive income (loss)	(117,632)	(5,664)	(50,791)
Less: Comprehensive income attributable to noncontrolling interests	(2,899)	(3,438)	(3,961)
Comprehensive income (loss) attributable to shareholders of Dole Food Company, Inc.	$ (120,531)	$ (9,102)	$ (54,752)

See Notes to Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

CONSOLIDATED BALANCE SHEETS

As of December 29, 2012 and December 31, 2011

	2012	2011
	(In thousands, except per share data)	
ASSETS		
Cash and cash equivalents	$ 91,579	$ 122,348
Restricted cash and deposits		6,230
Receivables, net of allowances of $22,687 and $32,237, respectively	491,640	685,094
Inventories	241,741	829,517
Prepaid expenses and other assets	36,249	65,331
Deferred income tax assets	5,959	26,184
Assets held-for-sale (Note 9)	1,877,523	75,641
Total current assets	2,744,691	1,810,345
Investments	88,881	99,469
Actively marketed land (Note 9)	74,814	74,814
Property, plant and equipment, net of accumulated depreciation of $819,218 and $1,150,304, respectively	688,890	910,729
Goodwill	273,906	418,113
Intangible assets, net	261,315	732,013
Other assets, net	97,274	225,839
Total assets	$ 4,229,771	$ 4,271,322
LIABILITIES AND EQUITY		
Accounts payable	$ 313,400	$ 452,049
Liabilities related to assets held-for-sale (Note 9)	448,924	49,117
Accrued liabilities	535,364	541,730
Current portion of long-term debt, net	161,750	10,756
Notes payable	19,762	27,969
Total current liabilities	1,479,200	1,081,621
Long-term debt, net	1,512,646	1,641,112
Deferred income tax liabilities	128,927	181,677
Other long-term liabilities	396,472	548,491
Commitments and contingencies (Notes 15 and 18)		
Shareholders equity		
Preferred stock $0.001 par value; 10,000 shares authorized, none issued or outstanding		
Common stock $0.001 par value; 300,000 shares authorized, 89,189 and 88,952 shares issued and outstanding as of December 29, 2012 and December 31, 2011	89	89
Additional paid-in capital	800,517	786,355
Retained earnings (deficit)	(35,021)	109,442
Accumulated other comprehensive loss	(79,450)	(103,382)
Equity attributable to shareholders of Dole Food Company, Inc.	686,135	792,504
Equity attributable to noncontrolling interests	26,391	