

DOLE FOOD CO INC
Form 10-Q
May 02, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 23, 2013

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)

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Delaware **99-0035300**
(State or other jurisdiction of *(I.R.S. Employer*
incorporation or organization) *Identification No.)*
One Dole Drive, Westlake Village, California 91362
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code:

(818) 879-6600

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (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 Exchange Act). Yes No

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

Class	Shares Outstanding at April 30, 2013
Common Stock, \$0.001 Par Value	89,537,765

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

	Quarter Ended	
	March 23, 2013	March 24, 2012
	(In thousands, except per share data)	
Revenues, net	\$ 1,053,805	\$ 1,086,379
Cost of products sold	(945,106)	(995,433)
Gross margin	108,699	90,946
Selling, marketing and general and administrative expenses	(69,400)	(65,197)
Charges for restructuring (Notes 6)	(1,331)	(1,331)
ITOCHU transaction related costs	(7,054)	(197)
European Union antitrust legal provision (Note 17)	(33,700)	(33,700)
Gain on asset sales (Note 10)	1,321	4,203
Operating income (loss)	(134)	28,424
Other income (expense), net (Note 4)	7,251	2,293
Interest income	1,043	713
Interest expense	(10,248)	(2,073)
Income (loss) from continuing operations before income taxes and equity earnings	(2,088)	29,357
Income taxes	3,901	(5,213)
Earnings from equity method investments	2,051	1,426
Income from continuing operations, net of income taxes	3,864	25,570
Loss from discontinued operations, net of income taxes	(69,461)	(8,426)
Net income (loss)	(65,597)	17,144
Less: Net income attributable to noncontrolling interests	(1,131)	(777)
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ (66,728)	\$ 16,367
Earnings per share Basic and Diluted (Note 18):		
Income from continuing operations	\$ 0.04	\$ 0.29
Net income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ (0.75)	\$ 0.19

See Accompanying Notes to Condensed Consolidated Financial Statements

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

	Quarter Ended	
	March 23, 2013	March 24, 2012
	(In thousands)	
Net income (loss)	\$ (65,597)	\$ 17,144
Net foreign currency translation adjustment	(15,841)	4,953
Unrealized hedging gains (losses), net of income tax expense (benefit) of \$289 and \$1,636	1,719	52,772
Reclassification of realized losses to net income, net of income tax expense (benefit) of (\$664) and (\$199)	143	2,617
Comprehensive income (loss)	(79,576)	77,486
Less: Comprehensive income attributable to noncontrolling interests	(1,132)	(780)
Comprehensive income (loss) attributable to shareholders of Dole Food Company, Inc.	\$ (80,708)	\$ 76,706

See Notes to Condensed Consolidated Financial Statements

Table of Contents**DOLE FOOD COMPANY, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	March 23, 2013	December 29, 2012
	(In thousands, except per share data)	
ASSETS		
Cash and cash equivalents	\$ 101,067	\$ 91,579
Receivables, net of allowances of \$23,169 and \$22,687 respectively	577,169	491,640
Inventories	260,272	241,741
Prepaid expenses and other assets	39,384	36,249
Deferred income tax assets	6,317	5,959
Assets held-for-sale (Note 10)	1,866,710	1,877,523
Total current assets	2,850,919	2,744,691
Investments	88,246	88,881
Actively marketed property (Note 10)	151,086	74,814
Property, plant and equipment, net of accumulated depreciation of \$834,391 and \$819,218, respectively	631,429	688,890
Goodwill	260,006	273,906
Intangible assets, net	260,362	261,315
Other assets, net	93,010	97,274
Total assets	\$ 4,335,058	\$ 4,229,771
LIABILITIES AND EQUITY		
Accounts payable	\$ 332,326	\$ 313,400
Liabilities related to assets held-for-sale (Note 10)	461,397	448,924
Deposit on sale of Dole Asia	200,000	
Accrued liabilities	573,970	535,364
Current portion of long-term debt, net	161,647	161,750
Notes payable	13,800	19,762
Total current liabilities	1,743,140	1,479,200
Long-term debt, net	1,464,068	1,512,646
Deferred income tax liabilities	131,443	128,927
Other long-term liabilities	352,111	396,472
Commitments and contingencies (Note 17)		
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, 89,400 and 89,189 shares issued and outstanding as of March 23, 2013 and December 29, 2012	89	89
Additional paid-in capital	811,482	800,517
Accumulated deficit	(101,749)	(35,021)
Accumulated other comprehensive income (loss)	(93,430)	(79,450)
Equity attributable to shareholders of Dole Food Company, Inc.	616,392	686,135
Equity attributable to noncontrolling interests	27,904	26,391
Total equity	644,296	712,526

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Total liabilities and equity	\$ 4,335,058	\$ 4,229,771
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See Accompanying Notes to Condensed Consolidated Financial Statements

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

	Quarter Ended	
	March 23, 2013	March 24, 2012
	(In thousands)	
Operating Activities		
Net income (loss)	\$ (65,597)	\$ 17,144
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	15,100	23,624
Share-based compensation expense	10,965	2,849
Net (gains) losses on financial instruments	(48,280)	(10,751)
Asset write-offs and net (gain) loss on sale of assets	(426)	(4,158)
Earnings from equity method investments	(2,385)	(1,603)
Amortization of debt discounts and debt issuance costs	2,468	2,527
Provision for deferred income taxes	2,721	(67)
Pension and other postretirement benefit plan expense	6,059	5,158
Other	(45)	(370)
Changes in operating assets and liabilities:		
Receivables	(88,120)	(48,146)
Inventories	(3,496)	(47,447)
Prepaid expenses and other assets	(6,037)	(3,877)
Income taxes	9,371	(2,262)
Accounts payable	23,792	59,080
Accrued liabilities	53,228	(4,171)
Other long-term liabilities	(5,213)	(1,811)
Cash flow used in operating activities	(95,895)	(14,281)
Investing Activities		
Cash received from sales of assets and businesses, net of cash disposed	2,293	21,879
Business acquisitions, net of cash acquired	(6,975)	(14,474)
Capital expenditures	(27,213)	(13,996)
Deposit received for sale of Dole Asia	200,000	
Other	(1,501)	(378)
Cash flow provided by (used in) investing activities	166,604	(6,969)
Financing Activities		
Short-term debt borrowing (repayments), net	(11,497)	30,794
Long-term debt borrowings	299,500	298,836
Long-term debt repayments	(346,459)	(316,973)
Dividends paid to noncontrolling interests	(430)	(180)
Contribution from noncontrolling interests	811	
Settlement of long-term Japanese yen hedge forwards	(3,048)	(8,687)
Cash flow provided by (used in) financing activities	(61,123)	3,790
Effect of foreign currency exchange rate changes on cash	(98)	848
Decrease in cash and cash equivalents	9,488	(16,612)
Cash and cash equivalents at beginning of period	91,579	122,348

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Cash and cash equivalents at end of period	\$ 101,067	\$ 105,736
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DOLE FOOD COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Unaudited)

Supplemental cash flow information

At March 23, 2013 and March 24, 2012, accounts payable included approximately \$6.3 million and \$2 million, respectively, for capital expenditures.

In connection with the first quarter 2012 sale of a non-core German subsidiary (German subsidiary), at March 23, 2013 Dole had \$19.4 million of notes receivable, of which \$1.3 million is included in receivables, net and \$18.1 million is included in other assets. In addition, Dole had deferred income of \$19.4 million of which approximately \$1.3 million is included in accrued liabilities and approximately \$18.1 million is included in other long-term liabilities at March 23, 2013. Of the notes receivable for which deferred income was recorded, approximately \$1.3 million was collected during the first quarter of 2013, and a corresponding gain on sale of assets was recognized. During the first quarter of 2012, Dole recorded \$29 million as notes receivable, of which \$1 million was included in receivables and \$28 million was included in other assets. In addition, Dole recorded deferred income of \$23.8 million of which \$1 million was included in accrued liabilities and \$22.8 million was in other long-term liabilities at March 24, 2012. Refer to Note 10 Assets Held-For-Sale and Actively Marketed Property for additional information.

See Accompanying Notes to Condensed Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(Unaudited)

	Equity Attributable to Shareholders of Dole Food Company, Inc.									
			Accumulated Other Comprehensive Income (Loss)			Unrealized Gains (Losses) on Hedges		Equity Attributable to Noncontrolling Interests		Total Equity
	Common Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Pension & Other Postretirement Benefits	Cumulative Translation Adjustment				
	(In thousands)									
Balance at December 31, 2011	88,952	\$ 89	\$ 786,355	\$ 109,442	\$ (94,708)	\$ 30,346	\$ (39,020)	\$ 25,917	\$ 818,421	
Net income				16,367				777	17,144	
Share-based compensation			2,849						2,849	
Dividends paid								(180)	(180)	
Disposal of noncontrolling interest								(150)	(150)	
Net foreign currency translation adjustment						4,950		3	4,953	
Unrealized hedging gains (losses), net of income tax expense (benefit) of \$1,636							52,772		52,772	
Reclassification of realized losses to net income, net of income tax expense (benefit) of (\$199)							2,617		2,617	
Balance at March 24, 2012	88,952	\$ 89	\$ 789,204	\$ 125,809	\$ (94,708)	\$ 35,296	\$ 16,369	\$ 26,367	\$ 898,426	
Balance at December 29, 2012	89,189	\$ 89	\$ 800,517	\$ (35,021)	\$ (112,122)	\$ 34,371	\$ (1,699)	\$ 26,391	\$ 712,526	
Net income (loss)				(66,728)				1,131	(65,597)	
Share-based compensation			10,965						10,965	
Issuance of restricted stock	211 ⁽¹⁾									
Dividends paid								(430)	(430)	
Change in noncontrolling interest								811	811	
Net foreign currency translation adjustment						(15,842)		1	(15,841)	
Unrealized hedging gains (losses), net of income tax expense (benefit) of \$289							1,719		1,719	
Reclassification of realized losses to net income, net of income tax expense (benefit) of \$(664)							143		143	
Balance at March 23, 2013	89,400	\$ 89	\$ 811,482	\$ (101,749)	\$ (112,122)	\$ 18,529	\$ 163	\$ 27,904	\$ 644,296	

⁽¹⁾ 211,350 restricted shares were issued in February 2013. The transfer agent formally recorded this issuance after March 23, 2013. See Accompanying Notes to Condensed Consolidated Financial Statements

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of Dole Food Company, Inc. and its consolidated subsidiaries (Dole or the Company) include all adjustments necessary, which are of a normal recurring nature, to present fairly Dole s financial position, results of operations and cash flows. Dole operates under a 52/53-week year. The quarters ended March 23, 2013 and March 24, 2012 were twelve weeks in duration. For a summary of significant accounting policies and additional information relating to Dole s financial statements, refer to the Notes to Consolidated Financial Statements in Item 8 of Dole s Annual Report on Form 10-K for the year ended December 29, 2012.

Interim results are subject to seasonal variations and are not necessarily indicative of the results of operations for a full year. Dole s operations are sensitive to a number of factors including weather-related phenomena and their effects on industry volumes, prices, product quality and costs. Operations are also sensitive to fluctuations in foreign currency exchange rates in both sourcing and selling locations as well as economic crises and security risks.

In March 2003, Dole completed a going-private merger transaction. As a result of the transaction, Dole became wholly-owned by David H. Murdock, Dole s Chairman and Chief Executive Officer. In October 2009, Dole completed a \$446 million initial public offering of its common stock and received proceeds of \$415 million. At March 23, 2013, Mr. Murdock and his affiliates beneficially owned 35,542,968, or approximately 40% of Dole s outstanding common shares.

NOTE 2 SALE OF PACKAGED FOODS AND ASIA FRESH PRODUCE BUSINESS

On April 1, 2013, the previously announced sale of Dole s worldwide packaged foods and Asia fresh produce businesses (collectively, Dole Asia) for \$1.685 billion in cash, subject to certain adjustments (sale transaction) to ITOCHU Corporation (ITOCHU) was completed. 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 (Asia Fresh). ITOCHU will not assume certain U.S. pension and other liabilities of Dole Asia. The proceeds from the April 1 sale and Dole s new capital structure were used to pay off Dole s previous indebtedness of approximately \$1.7 billion, including the settlement in full of capital lease obligations of approximately \$50 million related to two vessels. During the first quarter of 2013, Dole recorded expenses of \$7.1 million related to the transaction, of which \$6.6 million were for compensation related arrangements not attributable to Dole Asia employees, which were unpaid as of March 23, 2013, and \$0.5 million were for transaction related expenses. On February 22, 2013, ITOCHU paid Dole a non-refundable cash deposit of \$200 million toward the purchase price. Dole used the \$200 million in cash to repay revolver borrowings, pay certain transaction related expenses, and for general corporate purposes.

The preliminary estimate of the pre-tax gain on the sale of Dole Asia is in the range of \$250 million to \$300 million. This estimate could change based upon the final determination of the carrying values of assets and liabilities on the date of the sale transaction, which will occur during Dole s second quarter. This gain is expected to use substantially all of Dole s federal tax net operating loss carryforwards, and result in the payment of cash taxes of approximately \$40 million.

NOTE 3 NEW ACCOUNTING PRONOUNCEMENTS

During July 2012, the Financial Accounting Standards Board (FASB) issued a standard which amended how entities test for impairment of indefinite-lived intangible assets. The new guidance permits a company to assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform the annual impairment test. This guidance is effective for fiscal years beginning after September 15, 2012, and is effective for Dole beginning the first quarter of 2013. The adoption of the standard did not have an impact on Dole s results of operations or financial position.

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

In February 2013, the FASB issued a standard that revised the disclosure requirements for items reclassified out of accumulated other comprehensive income and requires entities to present information about significant items reclassified out of accumulated other comprehensive income by component either (1) on the face of the statement where net income is presented or (2) as a separate disclosure in the notes to the financial statements. This guidance is effective for annual reporting periods beginning after December 15, 2012, and is effective for Dole beginning in the first quarter of 2013. The adoption of the standard did not have an impact on Dole's results of operations or financial position.

In March 2013, the FASB issued a standard which requires the release of a Company's cumulative translation adjustment into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. This guidance is effective for annual reporting periods beginning after December 15, 2013, and is effective for Dole beginning in the first quarter of 2014. The adoption of the standard is not expected to have an impact on Dole's results of operations or financial position.

NOTE 4 OTHER INCOME (EXPENSE), NET

Included in other income (expense), net in Dole's condensed consolidated statements of operations are the following items:

	Quarter Ended	
	March 23, 2013	March 24, 2012
	(In thousands)	
Unrealized gain on foreign denominated borrowings	\$ 4,054	\$ 3,659
Realized gain (loss) on foreign denominated borrowings	88	(12)
Foreign currency exchange gain (loss) on vessel obligation	3,098	(1,394)
Other	11	40
Other income (expense), net	\$ 7,251	\$ 2,293

NOTE 5 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 its 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 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 the term loans would have required that they be repaid in their entirety. These costs have been included in the Financing Related Items column in the table, below.

During 2006 Dole entered into an interest rate swap to synthetically convert \$320 million of its term loans into 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 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 income statement 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

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business, the income statement activity associated with the long-term Japanese yen hedges has been presented within discontinued operations for all periods presented. On March 8, 2013, Dole entered into an agreement to settle the long-term Japanese yen hedges for \$25.1 million, which was paid on March 27, 2013. 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.

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

The operating results of Dole Asia and fresh-cut flowers are reported in the following table:

	Asia Fresh	Dole Asia Packaged Foods	Dole Asia Financing Related Items	Total Dole Asia	Fresh-Cut Flowers	Total
	(In thousands)					
<i>Quarter ended March 23, 2013</i>						
Revenues	\$ 266,750	\$ 284,532	\$	\$ 551,282	\$	\$ 551,282
Income (loss) before income taxes	\$ (29,294)	\$ (1,156)	\$ 7,163	\$ (23,287)	\$ (20)	\$ (23,307)
Income taxes	(29,967)	(1,102)	(15,085)	(46,154)		(46,154)
Income (loss) from discontinued operations, net of income taxes	\$ (59,261)	\$ (2,258)	\$ (7,922)	\$ (69,441)	\$ (20)	\$ (69,461)
<i>Quarter ended March 24, 2012</i>						
Revenues	\$ 282,232	\$ 266,937	\$	\$ 549,169	\$	\$ 549,169
Income (loss) before income taxes	\$ 2,583	\$ 16,062	\$ (28,393)	\$ (9,748)	\$ (40)	\$ (9,788)
Income taxes	(6,470)	(4,516)	12,341	1,355	7	1,362
Income (loss) from discontinued operations, net of income taxes	\$ (3,887)	\$ 11,546	\$ (16,052)	\$ (8,393)	\$ (33)	\$ (8,426)

NOTE 6 CHARGES FOR RESTRUCTURING

As a result of challenging market conditions in Dole's fresh fruit operations, Dole committed to a restructuring plan during the third quarter of 2010 in its fresh fruit segment in Europe, Latin America and Asia (2010 plan). These restructuring efforts were designed to reduce costs by realigning fruit supply with expected demand. As part of these initiatives, Dole restructured certain farming operations in Latin America and Asia, reorganized its European operations and rationalized vessel charters. The 2010 plan was completed during the fourth quarter of 2012.

During the third quarter of 2011, Dole committed to further restructure its fresh fruit operations in Europe and Latin America, as well as restructure the fresh vegetables operations in Asia (2011 plan). As part of this plan, Dole consolidated certain operations in Europe to reduce overhead, restructured farming operations in Latin America, and further rationalized vessel charters. In addition, Dole ended certain unprofitable contractual arrangements in Asia. The 2011 plan was completed during the fourth quarter of 2012.

As a result of these initiatives, Dole expects to realize cash savings in its financial results. These savings are expected to result from lower production costs including lower labor costs on our farms and in our ports, enhanced farm productivity, lower distribution costs resulting from more efficient utilization of our shipping fleet, the termination of unprofitable contractual arrangements, and lower selling and general and administrative costs as a result of streamlining Dole's organization in Europe. Certain of the savings were attributable to Asia Fresh, and therefore will not impact Dole on a going-forward basis.

2010 Restructuring Plan

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

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	Charges/ (Adjustments) Incurred During First Quarter 2012	Total Charges Incurred
	(In thousands)	
<i>Cash:</i>		
Severance and other employee-related costs	\$ 82	\$ 8,916
Contract termination and other costs	(19)	12,005
<i>Non-cash:</i>		
Pension-related settlement charges		7,982
Asset write-downs	86	13,391
Total charges incurred	\$ 149	\$ 42,294
Charges included in continuing operations	\$ 149	\$ 31,207
Charges included in discontinued operations	\$	\$ 11,087

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

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

	Severance and Other Employee- Related Costs	Contract Termination and Other Costs (In thousands)	Total
Balance as of December 31, 2011	\$ 85	\$ 3,715	\$ 3,800
Charges incurred	298	88	386
Cash payments	(258)	(1,064)	(1,322)
Non-cash	(125)		(125)
Balance as of December 29, 2012		2,739	2,739
Cash payments		(640)	(640)
Non-cash		(2)	(2)
Balance as of March 23, 2013	\$	\$ 2,097	\$ 2,097

2011 Restructuring Plan

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

	Charges/ (Adjustments) Incurred During First Quarter 2012 (In thousands)	Total Charges Incurred
<i>Cash:</i>		
Severance and other employee-related costs	\$ (35)	\$ 831
Contract termination and other costs	1,217	8,831
<i>Non-cash:</i>		
Pension-related settlement charges		86
Asset write-downs		3,601
Total charges incurred	\$ 1,182	\$ 13,349
Charges included in continuing operations	\$ 1,182	\$ 9,388
Charges included in discontinued operations	\$	\$ 3,961

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

	Severance and Other Employee- Related Costs	Contract Termination and Other Costs	Total
	(In thousands)		
Balance as of December 31, 2011	\$ 194	\$ 4,235	\$ 4,429
Charges incurred	389	2,537	2,926
Cash payments	(165)	(5,576)	(5,741)
Non-cash		(12)	(12)
Balance as of December 29, 2012	418	1,184	1,602
Cash payments		(140)	(140)
Non-cash		(19)	(19)
Balance as of March 23, 2013	\$ 418	\$ 1,025	\$ 1,443

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DOLE FOOD COMPANY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 7 LONG-TERM RECEIVABLES

At March 23, 2013, Dole's long-term financing receivables consisted of \$3.1 million of grower advances, net of allowances, a \$7 million note receivable related to the sale of discontinued operations, \$19.4 million of notes receivable related to the sale of a German subsidiary and net long-term trade receivables of \$2.3 million. These assets have been included in other assets in the accompanying condensed consolidated balance sheet as of March 23, 2013. In addition, \$2.2 million of net long-term grower advances were included in assets held-for-sale.

Dole monitors the collectability of these advances through periodic review of financial information received from these growers. At March 23, 2013, these advances included in other assets had an allowance for credit losses of \$3.3 million. Dole's historical losses on its long-term grower advances related to continuing operations have been immaterial and Dole expects this to continue.

At March 23, 2013, Dole had a \$7 million note receivable relating to the fiscal 2009 sale of the fresh-cut flowers business. This receivable is secured by properties that have an estimated fair value in excess of the note, which was due in January 2011. The Colombian companies that have granted mortgages in such properties to secure their guaranties of such note are currently under reorganization pursuant to Colombian Law 1116. Dole believes that the note will be collected, based on its position in the reorganization.

At March 23, 2013, Dole had notes receivable of \$19.4 million (€15 million) denominated in euros related to the sale of a German subsidiary in the first quarter of 2012. The notes mature on various dates through March 2022. During the first quarter of 2013, Dole received cash proceeds of \$1.3 million (€1 million). Of the remaining notes receivable, approximately \$18.1 million were recorded as long-term notes receivable. These notes receivable have annual minimum payment requirements based on the financial performance of the business and are collateralized by the business.

Dole has gross long-term trade receivables of \$19.1 million due from a customer in Eastern Europe, for which it is not likely that payment will be received during the next year. Dole has \$16.8 million of allowances for bad debt related to these receivables. The net receivable of \$2.3 million represents management's best estimate of its net realizable value after consideration of collateral securing the receivable.

NOTE 8 INCOME TAXES

Dole recorded an income tax benefit of \$3.9 million on a \$2.1 million pretax loss from continuing operations for the quarter ended March 23, 2013. The income tax benefit included an interest benefit of \$0.7 million related to Dole's unrecognized tax benefits. Income tax expense of \$5.2 million on \$29.4 million of pretax income from continuing operations was recorded for the first quarter ended March 24, 2012, which included interest expense of \$0.3 million related to Dole's unrecognized tax benefits. Dole's effective tax rate varies significantly from period to period due to the level, mix and seasonality of earnings generated in its various U.S. and foreign jurisdictions. For the quarter ended March 23, 2013, Dole's income tax benefit differs from the U.S. federal statutory rate applied to Dole's pretax loss primarily due to a reduction in Dole's liability for unrecognized tax benefits related to the expiration of the statute of limitations in certain foreign jurisdictions. For the quarter ended March 24, 2012, Dole's income tax provision differed from the U.S. federal statutory rate applied to Dole's pre-tax income primarily due to operations in foreign jurisdictions that are taxed at a rate lower than the U.S. federal statutory rate.

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

Dole recognizes accrued interest and penalties related to its unrecognized tax benefits as a component of income taxes in the accompanying condensed consolidated statements of operations. Accrued interest and penalties before tax benefits were \$4.0 million and \$7.4 million at March 23, 2013 and December 29, 2012, respectively, and are included as a component of other long-term liabilities in the accompanying condensed consolidated balance sheets. The decrease in interest expense of \$3.4 million for the quarter ended March 23, 2013 includes a payment of \$2.7 million relating to a non-U.S. audit settlement. At this time, Dole believes that it is reasonably possible that the total amount of

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unrecognized tax benefits could decrease later in 2013 by cash payments of approximately \$17 million relating to non-U.S. audit settlements. Cash payments of \$6.4 million, including interest, were made in the first quarter primarily relating to audit settlements in Ecuador.

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

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

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

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.

NOTE 9 INVENTORIES

The major classes of inventories were as follows:

	March 23, 2013	December 29, 2012
	(In thousands)	
Finished products	\$ 87,121	\$ 71,728
Raw materials and work in progress	51,708	50,724
Crop-growing costs	103,398	99,145
Operating supplies and other	18,045	20,144
	\$ 260,272	\$ 241,741

NOTE 10 ASSETS HELD-FOR-SALE AND ACTIVELY MARKETED PROPERTY

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

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

	Fresh Fruit	Fresh Vegetables	Discontinued Operations Packaged Foods	Asia Fresh	Fresh-Cut Flowers	Total Assets Held-for-Sale
	(In thousands)					
Balance as of December 29, 2012	\$ 12,652	\$ 599	\$ 1,041,237	\$ 819,823	\$ 3,212	\$ 1,877,523
Activity			(15,033)	6,762		(8,271)
Sales			(578)			(578)

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Reclassifications	(12,652)	13,900	(3,212)	(1,964)
Balance as of March 23, 2013	\$ 599	\$ 1,025,626	\$ 840,485	\$ 1,866,710

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

	Fresh Fruit	Fresh Vegetables	Discontinued Operations		Fresh-Cut Flowers	Total Liabilities Held-for-Sale
			Packaged Foods	Asia Fresh		
	(In thousands)					
Balance as of December 29, 2012	\$	\$	\$ 245,972	\$ 202,952	\$	\$ 448,924
Activity			3,839	8,634		12,473
Balance as of March 23, 2013	\$	\$	\$ 249,811	\$ 211,586	\$	\$ 461,397

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

The major classes of assets held-for-sale included in Dole's condensed consolidated balance sheet at March 23, 2013 were as follows:

	Fresh Fruit Vegetables	Discontinued Operations			Total Assets Held-for-Sale
		Fresh	Packaged Foods	Asia Fresh	
(In thousands)					
Assets held-for-sale:					
Receivables	\$	\$	\$ 126,707	\$ 124,337	\$ 251,044
Inventories			399,984	196,238	596,222
Prepaid expenses and other assets			7,254	22,220	29,474
Deferred tax assets			1,200	754	1,954
Investments			1,083	17,319	18,402
Property, plant and equipment, net of accumulated depreciation	599		164,445	74,655	239,699
Goodwill			67,464	86,496	153,960
Intangibles, net			245,891	225,943	471,834
Other assets, net			11,598	92,523	104,121
Total assets held-for-sale	\$	\$ 599	\$ 1,025,626	\$ 840,485	\$ 1,866,710

The major classes of liabilities held-for-sale included in Dole's condensed consolidated balance sheet at March 23, 2013 were as follows:

	Fresh Fruit Vegetables	Discontinued Operations			Total Liabilities Held-for-Sale
		Fresh	Packaged Foods	Asia Fresh	
(In thousands)					
Liabilities related to assets held-for-sale:					
Accounts payable	\$	\$	\$ 118,038	\$ 95,024	\$ 213,062
Accrued liabilities			57,077	73,213	130,290
Current portion of long-term debt			335	566	901
Notes payable			34,064	9,000	43,064
Long-term debt			375	2,806	3,181
Deferred income tax liabilities				27	27
Other long-term liabilities			39,922	30,950	70,872
Total liabilities related to assets held-for-sale	\$	\$	\$ 249,811	\$ 211,586	\$ 461,397

Gains on asset sales by segment were as follows:

	March 23, 2013	March 24, 2012
(In thousands)		
Fresh Fruit	\$ 1,321	\$ 4,203

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Fresh Vegetables

Total from Continuing Operations	1,321	4,203
Packaged Foods Discontinued Operations	260	
	\$ 1,581	\$ 4,203

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

Proceeds from asset sales by segment were as follows:

	March 23, 2013	March 24, 2012
	(In thousands)	
Fresh Fruit	\$ 1,321	\$ 22,442
Fresh Vegetables		
Total from Continuing Operations	1,321	22,442
Packaged Foods Discontinued Operations	838	
	\$ 2,159	\$ 22,442

Asia Fresh and Packaged Foods Discontinued Operations

Dole Asia met the requirements to be presented as assets and liabilities held-for-sale during the fourth quarter of 2012. Under the terms of the Trademark Rights Agreement entered into as part of the sale transaction: Dole has granted ITOCHU exclusive licenses to use certain Dole trademarks, trade names and trade dress rights with certain fresh produce in Asia, Australia and New Zealand and with certain packaged products worldwide, including certain exclusive rights to the DOLE® brand; Dole has granted ITOCHU non-exclusive licenses to use certain Dole trademarks, trade names and trade dress rights with certain fresh produce that will be sold by ITOCHU in certain countries outside of Asia, Australia and New Zealand and with certain packaged products that were not part of the sale transaction, subject to limited exceptions; and ITOCHU has granted Dole non-exclusive licenses to use certain trademarks, trade names and trade dress rights acquired by ITOCHU in the sale transaction with certain fresh produce and packaged products that currently are distributed by businesses retained by Dole. All of the licenses granted under the Trademark Rights Agreement are perpetual, irrevocable and royalty free. As a result of the foregoing, Dole Asia was allocated a proportionate share of the Dole intellectual property of approximately \$460 million. The allocation has been determined based on the relative fair value of the Asia Fresh and Packaged Foods operations to that of Dole, as of December 29, 2012. Refer to Note 2 Sale of Worldwide Packaged Foods and Asia Fresh Produce Business.

In addition, since Asia Fresh represents a component of the Fresh Fruit reportable operating segment, Dole has allocated \$86.5 million of fresh fruit goodwill to the Asia Fresh component. The goodwill allocated to the Asia Fresh component has been based on the estimated relative fair value of Asia Fresh compared to the total estimated fair value of the Fresh Fruit reportable operating segment as of April 1, 2013, the date of disposition.

Fresh Fruit

Dole had a notes receivable balance of \$19.4 million (15 million) at March 23, 2013 denominated in euros related to the first quarter 2012 sale of a German subsidiary. The notes mature on various dates through March 2022. Dole has a corresponding deferred gain of \$19.4 million (15 million), which will be recognized as the notes receivable are collected. During the first quarter of 2013 Dole received cash proceeds of \$1.3 million (1 million) and recorded a corresponding gain on sale of assets.

During the first quarter of 2013, Dole reclassified Hawaii and Honduras land with net book values of \$12.5 million and \$0.2 million, respectively, from assets held-for-sale to actively marketed property.

Fresh-Cut Flowers Discontinued Operation

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During the first quarter of 2013, Dole reclassified its assets held-for-sale with a net book value of \$3.2 million associated with the fresh-cut flowers discontinued operations to actively marketed property. Dole expects to sell these assets in the future but it is uncertain if any sales will be completed during the next twelve months.

Actively Marketed Property

Included in actively marketed property are land and property that do not meet Dole's future strategic direction or internal economic return criteria. The assets that have been identified are available for sale in their present condition and an active program is underway to sell the properties. Dole is actively marketing these properties at a price that is in excess of book value but the timing of sale is uncertain.

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

Total Actively Marketed Property by segment was as follows:

	Fresh Fruit	Discontinued Operations Fresh-Cut Flowers (In thousands)	Total Actively Marketed Property
Balance as of December 29, 2012	\$ 74,814	\$	\$ 74,814
Additions	60,408		60,408
Reclassifications	12,652	3,212	15,864
Balance as of March 23, 2013	\$ 147,874	\$ 3,212	\$ 151,086

At December 29, 2012, actively marketed property consisted of approximately 14,200 acres of Hawaii land with a net book value of \$74.8 million. During the first quarter of 2013, Dole added approximately 6,300 acres of Hawaii land with a net book value of \$72.9 million to actively marketed property. Of these additions, 2,050 acres of land with a net book value of \$12.5 million were reclassified from assets held-for-sale and the remaining 4,250 acres of land with a net book value of \$60.4 million were reclassified from property, plant and equipment. At March 23, 2013, actively marketed property consisted of approximately 20,500 acres of Hawaii land in the fresh fruit segment, with a net book value of \$147.7 million. In addition during the first quarter, Dole reclassified \$0.2 million of land in Honduras to actively marketed property.

Assets with a net book value of \$3.2 million associated with the real estate of the former fresh-cut flowers division were reclassified from assets held-for-sale during the first quarter of 2013.

NOTE 11 GOODWILL AND INTANGIBLE ASSETS

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

	Fresh Fruit	Fresh Vegetables (In thousands)	Total
Balance as of December 29, 2012	\$ 189,147	\$ 84,759	\$ 273,906
Change in Dole Asia allocation	(13,900)		(13,900)
Balance as of March 23, 2013	\$ 175,247	\$ 84,759	\$ 260,006

Dole Asia met the requirements to be presented as assets and liabilities held-for-sale during the fourth quarter of 2012. As a result, as of December 29, 2012, \$72.6 million of goodwill allocated to Asia Fresh and the entire goodwill balance associated with Packaged Foods were reclassified to assets-held-for-sale. The Fresh Fruit goodwill that will be allocated to Dole Asia upon disposition is based on the relative estimated fair value of the Asia Fresh business as compared to the estimated fair value of the Fresh Fruit reporting unit on the date of disposition. Subsequent to December 29, 2012, the relative fair value of the Fresh Fruit reporting unit decreased, resulting in a \$13.9 million increase in the goodwill allocated to Dole Asia. In addition, approximately \$460 million of the Dole intellectual property that is related to Dole Asia has been reclassified to assets-held-for-sale. Refer to Note 10 Assets Held-for-Sale and Actively Marketed Property for additional information.

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Details of Dole's intangible assets were as follows:

	March 23, 2013	December 29, 2012
(In thousands)		
Amortized intangible assets:		
Customer relationships	\$ 21,000	\$ 21,000
Other amortized intangible assets	15,570	15,589
	36,570	36,589
Accumulated amortization - customer relationships	(3,168)	(2,585)
Other accumulated amortization	(2,682)	(2,331)
Accumulated amortization - intangible assets	(5,850)	(4,916)
Amortized intangible assets, net	30,720	31,673
Indefinite-lived intangible assets:		
Trademark and trade names	229,642	229,642
	\$ 260,362	\$ 261,315

Amortization expense of intangible assets included in continuing operations totaled \$0.9 million and \$0.8 million for the quarters ended March 23, 2013 and March 24, 2012, respectively. Amortization expense of intangible assets included in discontinued operations totaled \$1.1 million and \$0.9 million for the quarters ended March 23, 2013 and March 24, 2012, respectively.

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

As of March 23, 2013, the estimated amortization expense for continuing operations associated with Dole's intangible assets for the remainder of 2013 and in each of the next four fiscal years is as follows (in thousands):

Fiscal Year	Amount
2013 (remainder of the year)	\$ 3,122
2014	\$ 4,036
2015	\$ 4,013
2016	\$ 3,993
2017	\$ 3,884

NOTE 12 NOTES PAYABLE AND LONG-TERM DEBT

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

	March 23, 2013	December 29, 2012
	(In thousands)	
Unsecured debt:		
8.75% debentures due 2013 (1)	\$ 155,000	\$ 155,000
Secured debt:		
13.875% notes due 2014 (1)	174,904	174,904
8% notes due 2016 (1)	315,000	315,000
Revolving credit facility (1)	75,300	119,200
Term loan facilities (1)	865,505	867,702
Contracts and notes, at a weighted average interest rate of 3.3% in 2013 (3.3% in 2012) through 2018	4,051	4,052
Capital lease obligations, at a weighted average interest rate of 2.3% in 2013 (2.7% in 2012) (2)	51,175	55,015
Notes payable, at a weighted average interest rate of 1.0% in 2013 (1.3% in 2012)	13,800	19,762
Unamortized debt discounts	(15,220)	(16,477)
	1,639,515	1,694,158
Notes payables and current maturities, net of unamortized debt discounts	(175,447)	(181,512)
	\$ 1,464,068	\$ 1,512,646

(1) Now repaid, defeased or discharged

(2) Approximately \$50 million of the capital lease obligations have now been terminated.

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 5 Discontinued Operations for additional information.

Notes Payable

Dole borrows funds primarily on a short-term basis to finance current operations. The terms of these borrowings range from one month to six months. Dole's notes payable at March 23, 2013 consisted primarily of foreign borrowings in Latin America.

Term Loans and Revolving Credit Facility Now Repaid, Defeased or Discharged

As of March 23, 2013, the now-repaid term loan facilities consisted of \$310.3 million of Term Loan B and \$555.2 million of Term Loan C. The term loan facilities bore interest, at Dole's option, at a rate per annum equal to either (i) the London Interbank Offer Rate (LIBOR) plus 3.75%, with a LIBOR floor of 1.25%; or (ii) a base rate plus 2.75%. Interest on the term loan facilities was payable quarterly in arrears or at maturity of LIBOR contracts. The weighted average variable interest rate at March 23, 2013 for Term Loan B and Term Loan C was 5.5%.

As of March 23, 2013, there was \$75.3 million outstanding under the now-repaid asset-based lending senior secured revolving credit facility (ABL revolver). Amounts outstanding under the ABL revolver bore interest, at Dole's option, at a rate per annum equal to either (i) LIBOR plus 1.75% to 2.25%, or (ii) a base rate plus 0.75% to 1.25%, in each case, based upon Dole's historical borrowing availability under this facility. The weighted average variable interest rate at March 23, 2013 for the ABL revolver was 4.3%. As of March 23, 2013, the borrowing base for the ABL revolver was \$337.5 million. After taking into account approximately \$85.9 million of outstanding letters of credit issued under the ABL revolver and the outstanding ABL balance, Dole had approximately \$176.3 million available for borrowings as of March 23, 2013 under the now-repaid ABL revolver.

Table of Contents**DOLE FOOD COMPANY, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)*****Term Loan and Revolving Credit Facility New Capital Structure***

On April 1, 2013 Dole entered into a new secured credit agreement with five of Dole's principal relationship banks, which has now been replaced following the planned syndication of the loans (see below), under which the borrowers were Dole and its wholly-owned subsidiary Solvest, Ltd (Solvest). The new credit agreement replaced Dole's existing revolving credit and term loan agreements, which, with all of Dole's outstanding series of secured notes and debentures, have been fully paid, defeased or discharged. The new credit agreement provided for a new revolving credit facility of up to \$150 million, divided between domestic and off-shore borrowings, and for a new term loan of \$500 million. The agreement also allowed Dole to request additional term loans of up to \$125 million through the end of September 2013 and for Dole to request future incremental loans. The annual interest rate on the term loan was, at Dole's option, either (i) LIBOR plus 3.75%, with a LIBOR floor of 1.25% or (ii) a base rate plus 2.75%. The annual interest rate on amounts drawn under the revolving loan was, at Dole's option, either (i) LIBOR plus 3.50% to 3.75%, with no LIBOR floor, or (ii) a base rate plus 2.50% to 2.75%, in each case, based upon Dole's consolidated leverage ratio.

On May 2, 2013, following the syndication of the April 1 loans, Dole entered into an amended and restated secured credit agreement under which Dole and Solvest continue to be the borrowers. The amended and restated credit agreement replaces the April 1, 2013 credit agreement. The amended and restated credit agreement increases the revolving credit facility to \$180 million, divided between domestic and off-shore borrowings, and increases the term loan to \$675 million, which reflects the \$500 million drawn on April 1, 2013, the borrowing of \$125 million that Dole was entitled to request through the end of September 2013 under the April 1 2013 credit agreement, and an additional \$50 million. The agreement also allows Dole to request future incremental loans. The annual interest rate on the term loan is, at Dole's option, either (i) LIBOR plus 2.75%, with a LIBOR floor of 1.00% or (ii) a base rate plus 1.75%. The interest rate on amounts drawn under the revolver is, at Dole's option, either (i) LIBOR plus 2.50% to 2.75%, with no LIBOR floor, or (ii) a base rate plus 1.50% to 1.75%, in each case, based upon Dole's consolidated leverage ratio, but beginning at the upper number in the range. A portion of the revolving loan facilities may, at Dole's discretion, be used to provide letters of credit.

The U.S. loans are secured by substantially all the U.S. assets of Dole and its domestic subsidiaries; the offshore loans are also secured by certain assets of Dole's Bermuda subsidiaries. The revolving credit facility matures in five years and the term loan matures in seven years.

Capital Lease Obligations

On April 18, 2013, Dole settled in full its capital lease obligations of approximately \$50 million related to two vessels.

Covenants

Provisions under the new amended and restated credit agreement 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. At March 23, 2013, Dole was in compliance with the corresponding covenants under the now-repaid credit facilities and indentures. The new credit agreement also requires Dole to comply with a minimum consolidated interest coverage ratio and a maximum consolidated net leverage ratio.

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

Debt Issuance Costs

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Debt issuance costs are capitalized and amortized into interest expense over the term of the underlying debt. During the quarters ended March 23, 2013 and March 24, 2012, Dole amortized deferred debt issuance costs of \$1.2 million and \$1.3 million, respectively, which have been reflected in discontinued operations.

Debt discounts are amortized into interest expense over the term of the underlying debt. During the quarters ended March 23, 2013 and March 24, 2012, Dole amortized debt discounts of \$1.3 million and \$1.2 million, respectively, which have been reflected in discontinued operations.

Fair Value of Debt

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

The carrying values, net of debt discounts and estimated fair values of Dole's debt based on Level 2 inputs in the fair value hierarchy are summarized below: