

DOLE FOOD CO INC
Form 10-Q
May 08, 2009

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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 28, 2009
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to
Commission file number 1-4455

Dole Food Company, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

99-0035300

*(I.R.S. Employer
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

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

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

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

Class	Shares Outstanding at May 8, 2009
Common Stock, \$0.001 Par Value	1,000

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PART I.
FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

DOLE FOOD COMPANY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Quarter Ended	
	March 28,	March 22,
	2009	2008
	(In thousands)	
Revenues, net	\$ 1,596,590	\$ 1,728,345
Cost of products sold	(1,392,719)	(1,558,685)
Gross margin	203,871	169,660
Selling, marketing and general and administrative expenses	(97,406)	(118,104)
Gain on asset sales (Note 12)	16,634	1,804
Operating income	123,099	53,360
Other income (expense), net (Note 3)	21,952	(28,711)
Interest income	1,636	1,769
Interest expense	(37,546)	(43,497)
Income (loss) from continuing operations before income taxes and equity earnings	109,141	(17,079)
Income taxes	(8,048)	(9,377)
Equity in earnings of unconsolidated subsidiaries	1,194	1,003
Income (loss) from continuing operations	102,287	(25,453)
Income (loss) from discontinued operations, net of income taxes	122	(2,821)
Gain on disposal of discontinued operations, net of income taxes	1,308	
Net income (loss)	103,717	(28,274)
Less: Net income attributable to noncontrolling interests	(897)	(671)
Net income (loss) attributable to Dole Food Company, Inc.	\$ 102,820	\$ (28,945)

See Accompanying Notes to Condensed Consolidated Financial Statements

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

	March 28, 2009	January 3, 2009
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$ 65,945	\$ 90,829
Receivables, net of allowances of \$45,508 and \$41,357, respectively	852,003	807,235
Inventories	783,988	796,407
Prepaid expenses	71,567	69,347
Deferred income tax assets	21,815	21,273
Assets held-for-sale	93,008	202,876
Total current assets	1,888,326	1,987,967
Investments	71,775	73,085
Property, plant and equipment, net of accumulated depreciation of \$1,055,815 and \$1,027,345, respectively	1,031,370	1,050,331
Goodwill	406,540	406,540
Intangible assets, net	707,599	708,458
Other assets, net	173,772	138,238
Total assets	\$ 4,279,382	\$ 4,364,619
LIABILITIES AND SHAREHOLDERS EQUITY		
Accounts payable	\$ 495,450	\$ 510,773
Liabilities held-for-sale		50,465
Accrued liabilities	464,508	490,145
Current portion of long-term debt	8,188	356,748
Notes payable	48,811	48,789
Total current liabilities	1,016,957	1,456,920
Long-term debt	2,056,924	1,798,556
Deferred income tax liabilities	256,049	254,205
Other long-term liabilities	424,613	421,779
Contingencies (Note 11)		
Shareholders equity		
Common stock \$0.001 par value; 1,000 shares authorized, issued and outstanding		
Additional paid-in capital	409,681	409,681
Retained earnings	138,942	36,122
Accumulated other comprehensive loss	(54,744)	(42,903)

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Equity attributable to Dole Food Company, Inc.	493,879	402,900
Equity attributable to noncontrolling interests	30,960	30,259
Total shareholders' equity	524,839	433,159
Total liabilities and shareholders' equity	\$ 4,279,382	\$ 4,364,619

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 28, 2009	March 22, 2008
	(In thousands)	
Operating Activities		
Net income (loss)	\$ 103,717	\$ (28,274)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	26,929	33,707
Net unrealized (gains) losses on financial instruments	(37,035)	40,747
Asset write-offs and net (gain) loss on sale of assets	(20,003)	(1,388)
Equity in earnings of unconsolidated subsidiaries	(1,194)	(1,003)
Amortization of debt issuance costs	926	1,016
Write-off of debt issuance costs	5,222	
Provision for deferred income taxes	2,361	(5,126)
Pension and other postretirement benefit plan expense	3,111	4,632
Other	40	(113)
Changes in operating assets and liabilities:		
Receivables	(33,626)	(120,672)
Inventories	8,581	(15,318)
Prepaid expenses and other assets	(17,084)	(5,103)
Income taxes	821	6,086
Accounts payable	287	10,618
Accrued liabilities	(5,810)	20,766
Other long-term liabilities	1,720	(3,336)
Cash flow provided by (used in) operating activities	38,963	(62,761)
Investing Activities		
Proceeds from sales of assets and businesses, net of cash disposed	56,437	16,022
Capital additions	(11,342)	(19,775)
Repurchase of common stock in going-private merger transaction	(8)	(96)
Cash flow provided by (used in) investing activities	45,087	(3,849)
Financing Activities		
Short-term debt borrowings, net of repayments	84	10,023
Long-term debt borrowings, net of debt issuance costs	577,957	316,649
Long-term debt repayments	(685,216)	(262,960)
Dividends paid to noncontrolling interests	(180)	(180)
Cash flow provided by (used in) financing activities	(107,355)	63,532
Effect of foreign currency exchange rate changes on cash	(1,579)	902

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Decrease in cash and cash equivalents	(24,884)	(2,176)
Cash and cash equivalents at beginning of period	90,829	97,061
Cash and cash equivalents at end of period	\$ 65,945	\$ 94,885

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DOLE FOOD COMPANY, INC.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS Continued
(Unaudited)**

Supplemental cash flow information

At March 28, 2009 and January 3, 2009, accounts payable included approximately \$0.9 million and \$6.7 million, respectively, for capital expenditures. Of the \$6.7 million of capital expenditures included in accounts payable at January 3, 2009, approximately \$4.3 million had been paid during the quarter ended March 28, 2009.

Included in changes in operating assets and liabilities for prepaid expenses and other assets is a \$10 million provisional payment made to the European Commission (EC) during January 2009 related to the EC s Antitrust Decision. Refer to Note 11 Contingencies for further information.

In addition to proceeds from asset sales of \$56.4 million, \$25.9 million of long-term debt was assumed by the buyer of the fresh-cut flowers subsidiaries, therefore providing a total benefit to the Company of \$82.3 million from asset sales. During the fourth quarter of 2008, the fresh-cut flowers subsidiaries borrowed \$25.9 million and the Company s cash balance at January 3, 2009 reflected the cash proceeds from this transaction. The debt ceased to be an obligation of the Company upon the closing of the first phase of the Flowers transaction during the first quarter of 2009.

See Accompanying Notes to Condensed Consolidated Financial Statements

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(Unaudited)**

	Additional Common Stock	Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss) Pension & Other Postretirement Benefits	Cumulative Translation Adjustment (In thousands)	Unrealized Gains (Losses) on Hedges	Equity Attributable to Noncontrolling Interests	Total Shareholders' Equity	Comprehensive Income (Loss)
Balance at December 29, 2007	\$	\$ 409,907	\$ (84,883)	\$ (26,752)	\$ 42,261	\$ (15,525)	\$ 29,878	\$ 354,886	
Net income (loss)			(28,945)				671	(28,274)	\$ (28,274)
Noncontrolling interests in discontinued operations							40	40	40
Dividends paid							(180)	(180)	
Unrealized foreign currency translation and hedging gains (losses)					12,459	(11,014)	7	1,452	1,452
Reclassification of realized gain to net loss						(163)		(163)	(163)
Balance at March 22, 2008	\$	\$ 409,907	\$ (113,828)	\$ (26,752)	\$ 54,720	\$ (26,702)	\$ 30,416	\$ 327,761	\$ (26,944)
Balance at January 3, 2009	\$	\$ 409,681	\$ 36,122	\$ (40,960)	\$ 27,187	\$ (29,130)	\$ 30,259	\$ 433,159	
Net income			102,820				897	103,717	\$ 103,717
Dividends paid									