

DOLE FOOD COMPANY INC
Form 8-K
December 13, 2001

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: November 28, 2001

DOLE FOOD COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1-4455
(Commission File Number)

99-0035300
(IRS 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**

ITEM 2. Acquisition or Disposal of Assets

On November 28, 2001, Dole Food Company, Inc. (the "Company") disposed of 97.098% of the capital stock of Cerveceria Hondurena S.A., a Honduran corporation principally engaged in the beverage business in Honduras ("CHSA" or the "Honduran beverage business"). Such interest in CHSA had been held by two subsidiaries of the Company, and represented all of the capital stock of CHSA held by the Company and its subsidiaries. The disposition was accomplished by means of a stock exchange transaction with a subsidiary of South African Breweries plc, a public limited company organized under the laws of England and Wales. Subsequent to the stock exchange transaction, the Company received \$537 million of cash.

ITEM 7. Financial Statements and Exhibits

(a) Not applicable

(b) Pro Forma Financial Information

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The accompanying unaudited Pro Forma Consolidated Balance Sheet as of October 6, 2001 and unaudited Pro Forma Consolidated Statements of Operations for the year ended December 30, 2000 and for the three quarters ended October 6, 2001 and October 7, 2000, have been prepared by adjusting the historical financial position and results of continuing operations to reflect the Company's Honduran beverage business as a discontinued operation. The historical results of operations of the Honduran beverage business up to its date of disposition will be reported as discontinued operations in Dole Food Company, Inc.'s future financial statements.

The accompanying unaudited Pro Forma Consolidated Balance Sheet has been prepared as if the disposition occurred on October 6, 2001, and the unaudited Pro Forma Consolidated Statements of Operations have been prepared as if the disposition occurred on the first day of the respective periods presented.

The accompanying unaudited pro forma consolidated financial statements should be read in conjunction with the accompanying notes. The pro forma consolidated financial information is unaudited and is presented for illustration purposes only. The unaudited pro forma consolidated financial information is not necessarily indicative of the consolidated results of operations or financial position that would have existed had the disposition occurred on the dates specified, nor are they indicative of future results.

These unaudited pro forma consolidated financial statements are based on, and should be read in conjunction with, the historical consolidated financial statements and related notes of Dole Food Company, Inc. (see Dole Food Company Inc.'s Annual Report on Form 10-K for 2000 and Quarterly Report on Form 10-Q for the quarter ended October 6, 2001).

(c) Exhibits:

99.1 Press Release dated November 29, 2001, by Dole Food Company, Inc.

99.2 Stock Exchange Agreement dated as of November 28, 2001 among Agoura Limited, Camarillo Limited, Standard Fruit Company, Dole Fresh Fruit International, Ltd., Dole Food Company, Inc., Bevco, Limited and South African Breweries plc.

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DOLE FOOD COMPANY, INC.

Unaudited Pro Forma Consolidated Balance Sheet

October 6, 2001

(in thousands, except per share data)

| | Historical | Honduran Beverage | Pro Forma Adjustments | Pro Forma |
|---------------------------------------|------------------|-------------------|-----------------------|------------------|
| Current assets | | | | |
| Cash and cash equivalents | \$ 38,618 | 4,040(a) | 536,951(c) | \$ 261,529 |
| | | | (310,000)(d) | |
| Receivables | 508,686 | 11,939(a) | | 496,747 |
| Inventories | 420,960 | 49,508(a) | | 371,452 |
| Prepaid expenses | 49,913 | 174(a) | | 49,739 |
| | 1,018,177 | 65,661 | 226,951 | 1,179,467 |
| Total current assets | | | | |
| Investments | 80,222 | (32)(a) | | 80,254 |
| Investment in discontinued operations | | (142,875)(a) | (142,875)(c) | |
| Property, plant and equipment | 953,174 | 83,083(a) | | 870,091 |
| Goodwill | 270,894 | 14,033(a) | | 256,861 |
| Other assets | 246,058 | 9,620(a) | | 236,438 |
| | 2,568,525 | 29,490 | 84,076 | 2,623,111 |
| Total assets | 2,568,525 | 29,490 | 84,076 | 2,623,111 |

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| | <u>Historical</u> | <u>Honduran Beverage</u> | <u>Pro Forma Adjustments</u> | <u>Pro Forma</u> |
|--|-------------------|--------------------------|------------------------------|------------------|
| Current liabilities | | | | |
| Notes payable | \$ 15,056 | | | \$ 15,056 |
| Current portion of long-term debt | 7,680 | | | 7,680 |
| Accounts payable and accrued liabilities | 701,113 | 16,274(a) | 120,300(c) (100,000)(d) | 705,139 |
| Total current liabilities | 723,849 | 16,274(a) | 20,300 | 727,875 |
| Long-term debt | 982,964 | 240(a) | (210,000)(d) | 772,724 |
| Other long-term liabilities | 324,363 | 8,414(a) | | 315,949 |
| Minority interests | 38,461 | 4,562(a) | | 33,899 |
| Common shareholders' equity | 498,888 | | 273,776(c) | 772,664 |
| Total liabilities and equity | 2,568,525 | 29,490 | 84,076 | 2,623,111 |

See notes to pro forma consolidated financial statements

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DOLE FOOD COMPANY, INC.

Unaudited Pro Forma Consolidated Statements of Operations

Three Quarters Ended October 6, 2001

(in thousands, except per share data)

| | <u>Historical</u> | <u>Honduran Beverage</u> | <u>Historical Restated</u> | <u>Pro Forma Adjustments</u> | <u>Pro Forma</u> |
|---|-------------------|--------------------------|----------------------------|------------------------------|------------------|
| Revenue | \$ 3,669,802 | 203,013(b) | \$ 3,466,789 | | \$ 3,466,789 |
| Cost of products sold | 3,174,733 | 135,584(b) | 3,039,149 | | 3,039,149 |
| Gross margin | 495,069 | 67,429 | 427,640 | | 427,640 |
| Selling, marketing and administrative expenses | 430,184 | 38,476(b) | 391,708 | | 391,708 |
| Operating income | 64,885 | 28,953 | 35,932 | | 35,932 |
| Interest income | 4,759 | 421(b) | 4,338 | 7,699(d) | 12,037 |
| Other income (expense) net | 5,741 | (686)(b) | 6,427 | | 6,427 |
| Earnings before interest and taxes | 75,385 | 28,688 | 46,697 | 7,699 | 54,396 |
| Interest expense | 62,514 | 336(b) | 62,178 | (11,587)(d) | 50,591 |
| Income (loss) before income taxes | 12,871 | 28,352 | (15,481) | 19,286 | 3,805 |
| Income taxes | 35,941 | 6,808(b) | 29,133 | 6,172(e) | 35,305 |
| Income (loss) from continuing operations | (23,070) | 21,544 | (44,614) | 13,114 | (31,500) |

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| | <u>Historical</u> | <u>Honduran Beverage</u> | <u>Historical Restated</u> | <u>Pro Forma Adjustments</u> | <u>Pro Forma</u> |
|---|-------------------|--------------------------|----------------------------|------------------------------|------------------|
| Net loss per common share | | | | | |
| Basic | \$ (0.41) | | \$ (0.80) | | \$ (0.56) |
| Diluted | (0.41) | | (0.80) | | (0.56) |
| Average number of common shares outstanding | | | | | |
| Basic | 55,892 | | 55,892 | | 55,892 |
| Diluted | 55,892 | | 55,892 | | 55,892 |

See notes to pro forma consolidated financial statements

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DOLE FOOD COMPANY, INC.

Unaudited Pro Forma Consolidated Statements of Operations

Three Quarters Ended October 7, 2000

(in thousands, except per share data)

| | <u>Historical</u> | <u>Honduran Beverage</u> | <u>Historical Restated</u> | <u>Pro Forma Adjustments</u> | <u>Pro Forma</u> |
|--|-------------------|--------------------------|----------------------------|------------------------------|------------------|
| Revenue | \$ 3,700,618 | 199,316(b) | \$ 3,501,302 | | \$ 3,501,302 |
| Cost of products sold | 3,122,106 | 126,823(b) | 2,995,283 | | 2,995,283 |
| Gross margin | 578,512 | 72,493 | 506,019 | | 506,019 |
| Selling, marketing and administrative expenses | 410,810 | 35,877(b) | 374,933 | | 374,933 |
| Hurricane Mitch insurance proceed net | (42,506) | | (42,506) | | (42,506) |
| Business downsizing charge | 45,761 | | 45,761 | | 45,761 |
| Gain on sale of citrus assets | (8,142) | | (8,142) | | (8,142) |
| Operating income | 172,589 | 36,616 | 135,973 | | 135,973 |
| Interest income | 12,886 | 491(b) | 12,395 | 11,243(d) | 23,638 |
| Other income (expense) net | 548 | (3,024)(b) | 3,572 | | 3,572 |
| Earnings before interest and taxes | 186,023 | 34,083 | 151,940 | 11,243 | 163,183 |
| Interest expense | 76,945 | 388(b) | 76,557 | (12,067)(d) | 64,490 |
| Income before income taxes | 109,078 | 33,695 | 75,383 | 23,310 | 98,693 |
| Income taxes | 34,905 | 8,557(b) | 26,348 | 7,459(e) | 33,807 |
| Income from continuing operations | 74,173 | 25,138 | 49,035 | 15,851 | 64,886 |

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| | <u>Historical</u> | <u>Honduran Beverage</u> | <u>Historical Restated</u> | <u>Pro Forma Adjustments</u> | <u>Pro Forma</u> |
|---|-------------------|--------------------------|----------------------------|------------------------------|------------------|
| Net income per common share | | | | | |
| Basic | \$ 1.33 | | \$ 0.88 | | \$ 1.16 |
| Diluted | 1.33 | | 0.88 | | 1.16 |
| Average number of common shares outstanding | | | | | |
| Basic | 55,852 | | 55,852 | | 55,852 |
| Diluted | 55,920 | | 55,920 | | 55,920 |

See notes to pro forma consolidated financial statements

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DOLE FOOD COMPANY, INC.

Unaudited Pro Forma Consolidated Statements of Operations

Year Ended December 30, 2000

(in thousands, except per share data)

| | <u>Historical</u> | <u>Honduran Beverage</u> | <u>Historical Restated</u> | <u>Pro Forma Adjustments</u> | <u>Pro Forma</u> |
|--|-------------------|--------------------------|----------------------------|------------------------------|------------------|
| Revenue | \$ 4,763,128 | 260,604(b) | \$ 4,502,524 | | \$ 4,502,524 |
| Cost of products sold | 4,037,530 | 159,752(b) | 3,877,778 | | 3,877,778 |
| Gross margin | 725,598 | 100,852 | 624,746 | | 624,746 |
| Selling, marketing and administrative expenses | 546,538 | 47,736(b) | 498,802 | | 498,802 |
| Hurricane Mitch insurance proceed net | (42,506) | | (42,506) | | (42,506) |
| Business downsizing charge | 45,761 | | 45,761 | | 45,761 |
| Gain on sale of citrus assets | (8,578) | | (8,578) | | (8,578) |
| Operating income | 184,383 | 53,116 | 131,267 | | 131,267 |
| Interest income | 15,386 | 780(b) | 14,606 | 14,616(d) | 29,222 |
| Other income (expense) net | (2,167) | (2,801)(b) | 634 | | 634 |
| Earnings before interest and taxes | 197,602 | 51,095 | 146,507 | 14,616 | 161,123 |
| Interest expense | 98,110 | 565(b) | 97,545 | (15,735)(d) | 81,810 |
| Income before income taxes | 99,492 | 50,530 | 48,962 | 30,351 | 79,313 |
| Income taxes | 31,837 | 12,933(b) | 18,904 | 9,712(e) | 28,616 |
| Income from continuing operations | 67,655 | 37,597 | 30,058 | 20,639 | 50,697 |

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Kenneth J. Kay
Vice President and
Chief Financial Officer

By: /s/ GIL BOROK

 Gil Borok
 Vice President, Controller and
 Chief Accounting Officer
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[DOLE FOOD COMPANY, INC. Unaudited Pro Forma Consolidated Statements of Operations Three Quarters Ended October 6, 2001 \(in thousands, except per share data\)](#)

[DOLE FOOD COMPANY, INC. Unaudited Pro Forma Consolidated Statements of Operations Three Quarters Ended October 7, 2000 \(in thousands, except per share data\)](#)

[DOLE FOOD COMPANY, INC. Unaudited Pro Forma Consolidated Statements of Operations Year Ended December 30, 2000 \(in thousands, except per share data\)](#)

[DOLE FOOD COMPANY, INC. Notes to Unaudited Pro Forma Consolidated Financial Statements](#)

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