FRESH DEL MONTE PRODUCE INC.

2005 annual report

Truly a

Global

Diversified Food Company

FRESH DEL MONTE PRODUCE INC.

Fresh Del Monte Produce Inc. is one of the world's leading vertically integrated producers, marketers and distributors of high-quality fresh and fresh-cut fruit and vegetables, as well as a leading producer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts in Europe, Africa and the Middle East. Fresh Del Monte markets its fresh products worldwide under the Del Monte® brand, a symbol of product quality, freshness and reliability since 1892.

Fresh Del Monte holds premier market positions in several product categories. The Company is the leading marketer of fresh whole pineapples in the world, the top marketer of branded melons in the U.S. and the U.K., the world's third largest marketer of bananas, the leading year-round marketer of branded grapes in North America, and the premier repacker of branded tomatoes in North America. Fresh Del Monte is also the leading internationally branded marketer in the value-added, fresh-cut fruit and vegetable market, which is one of the fresh produce segment's fastest growing categories. In addition, Fresh Del Monte is a leading marketer of juice in the U.K., and a leading marketer of prepared pineapple and fruit in the U.K., Italy and Benelux countries.

Fresh Del Monte Produce Inc. is a global company with $3.3 billion in sales in 2005 and 37,000 employees. The Company's ordinary shares are traded on the New York Stock Exchange under symbol FDP.

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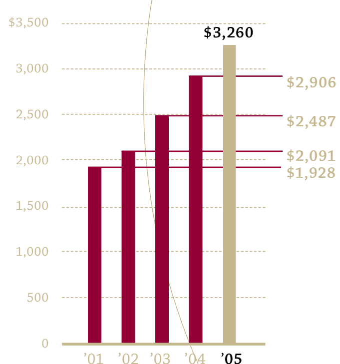
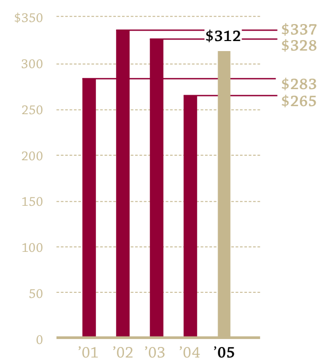
A BOLD NEW VISION:

OUR VISION IS TO BECOME THE WORLD'S LEADING SUPPLIER OF HEALTHFUL, WHOLESOME AND NUTRITIOUS FRESH AND PREPARED FOOD AND BEVERAGES FOR CONSUMERS OF ALL AGES.

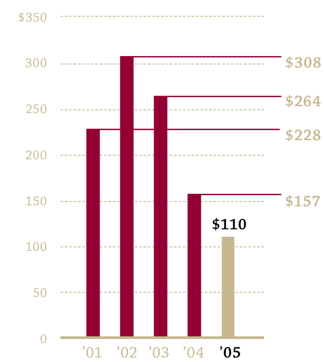
NET SALES
in millions



GROSS PROFIT
in millions



OPERATING CASH FLOW
in millions



FINANCIAL HIGHLIGHTS

(U.S. dollars in millions, except per-share data)	*Year of* **2005**	2004
Income Statement Data		
Net sales	**$3,259.7**	$2,906.0
Gross profit	**311.5**	264.7
Operating income	**117.5**	128.3
Net income	**106.6**	139.2
Per share net income:		
Basic	**$ 1.84**	$ 2.42
Diluted	**$ 1.84**	$ 2.41
Weighted average number of ordinary shares outstanding:		
Basic	**57,926,466**	57,487,131
Diluted	**58,077,282**	57,803,158
Balance Sheet and Cash Flow Data		
Cash and cash equivalents	**$ 24.5**	$ 42.1
Working capital	**416.2**	299.9
Total assets	**2,124.8**	2,076.5
Total debt	**360.8**	363.5
Shareholders' equity	**1,152.9**	1,069.2
Operating cash flow	**$ 110.0**	$ 157.0

NORTH AMERICA

Our North America distribution network encompasses 25 distribution centers across the U.S., many of which include dedicated fruit and vegetable, fresh-cut and repack operations.

A State-of-the-Art Distribution Network

Crucial Link in Continuous Cold Chain

Our facilities are strategically located in key markets to enable us to quickly serve the needs of our customers from coast to coast.

Our distribution centers handle fresh and fresh-cut produce, and provide value-added services like banana ripening and repacking for our customers.

Our centers are a crucial link in Fresh Del Monte's continuous logistical cold chain from our growing fields to our customers' shelves.

We can fulfill the orders of our customers within hours, representing a clear advantage for them—and for Fresh Del Monte.

We draw on our proprietary inland transportation network as well as a roster of third-party truckers to transport our fresh and fresh-cut products to our customers in the fastest possible way.

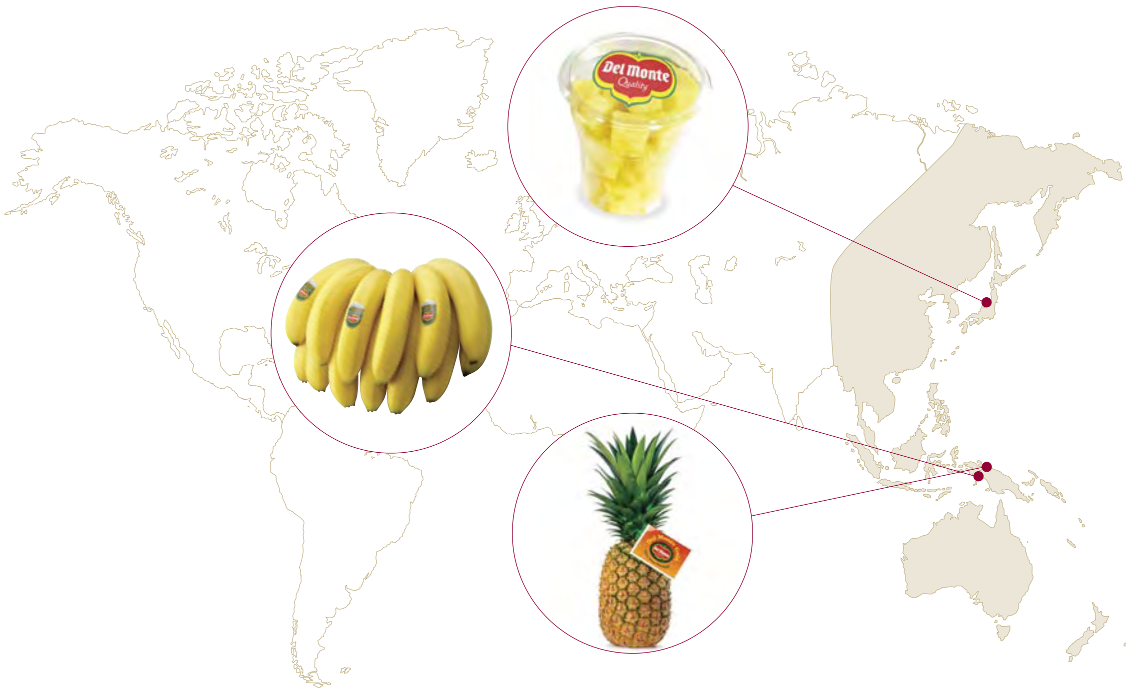
Fresh Del Monte's extensive distribution network enables us to serve our customers like no other company in the fresh produce industry. When our customers place an order, we deliver it straight to their door, in the quantity they want, right at the pinnacle of freshness. Moreover, we fill their needs quickly—often within hours, depending on their location—by utilizing our own effective inland transportation network. Our ability to speed our produce to its destination gives us a number of vital advantages: it helps us to ensure that our products offer premium quality and freshness everywhere in the country—characteristics that our customers and consumers have come to expect when they buy a product backed by the Del Monte® seal. In addition, it positions us to be more responsive to customer needs than our industry peers, providing us with a distinct competitive advantage.

One of Fresh Del Monte Produce's most powerful assets is our state-of-the-art network of 25 North America distribution centers. These centers, including our fresh-cut operations and our repack facilities, are strategically located to serve major retailers, foodservice operators, quick-serve outlets, wholesalers, club stores, convenience stores and other customers with our entire range of fresh and fresh-cut products. They also provide value-added services, such as Direct Store Delivery (DSD), banana ripening, cold storage, customized packing and sorting, Just-in-Time (JIT) delivery, merchandising and promotional support, and other services that provide convenience, cost savings and exceptional quality for our customers.

Our North America distribution centers provide a wide variety of value-added services like banana ripening for our customers from coast to coast.

ASIA-PACIFIC

Fresh Del Monte grows and sources our products in Asia-Pacific, including our sweet variety of Highland Honey™ bananas and our premium Del Monte Gold® extra sweet pineapples.



A Growing Supplier to Asian and Middle Eastern Supermarkets

Innovation in the Fresh Del Monte Tradition

We ship our products in refrigerated vessels and containers to more than a dozen ports throughout the region.

We count many of the finest grocer retailers in Japan, Korea and China among our customers.

We are adding new packaging facilities for our Highland Honey™ bananas and expanding our Highland Honey™ banana production areas to meet consumer demand.

We are innovating new products in the Philippines that we believe will enjoy the same level of popularity as our Highland Honey™ banana.

Asia-Pacific is an important growing and sourcing region for Fresh Del Monte Produce. The Philippines, for example, is home base for our special Highland Honey™ banana, as well as one of the several regions in the world where we grow Del Monte Gold® Extra Sweet pineapples. We also source Cavendish and exotic bananas, and mangoes in the Philippines; along with apples and kiwi in New Zealand; and citrus and grapes in China. All of these products are shipped in refrigerated vessels or containers to Asia, the Middle East, Europe and North America from ports including Davao in the Philippines and Auckland in New Zealand.

Fresh Del Monte's Highland Honey™ bananas have met with strong consumer demand since we introduced them, making them a particularly exciting product for our Company. We began to grow Highland Honey™ bananas in early 2004 to diversify our banana line and to respond to an interest on the part of Japanese and Korean consumers for a sweeter banana variety. During 2005, Highland Honey™ bananas proved to be winners on both counts. The Highland Honey™ banana is a shorter, rounder banana than the standard, with more fiber, a sweeter taste and higher quantities of Vitamin A, calcium and potassium—all of which make it an excellent energy snack that is highly sought after in Japanese and Korean markets. To meet robust demand, we have expanded our production areas, and we expect to enlarge them even more as the product attracts new customers in the Middle East. Meanwhile, in the Fresh Del Monte tradition, we are developing other specialty bananas that will allow us to continue to deliver the right products, to the right markets, at just the right time.

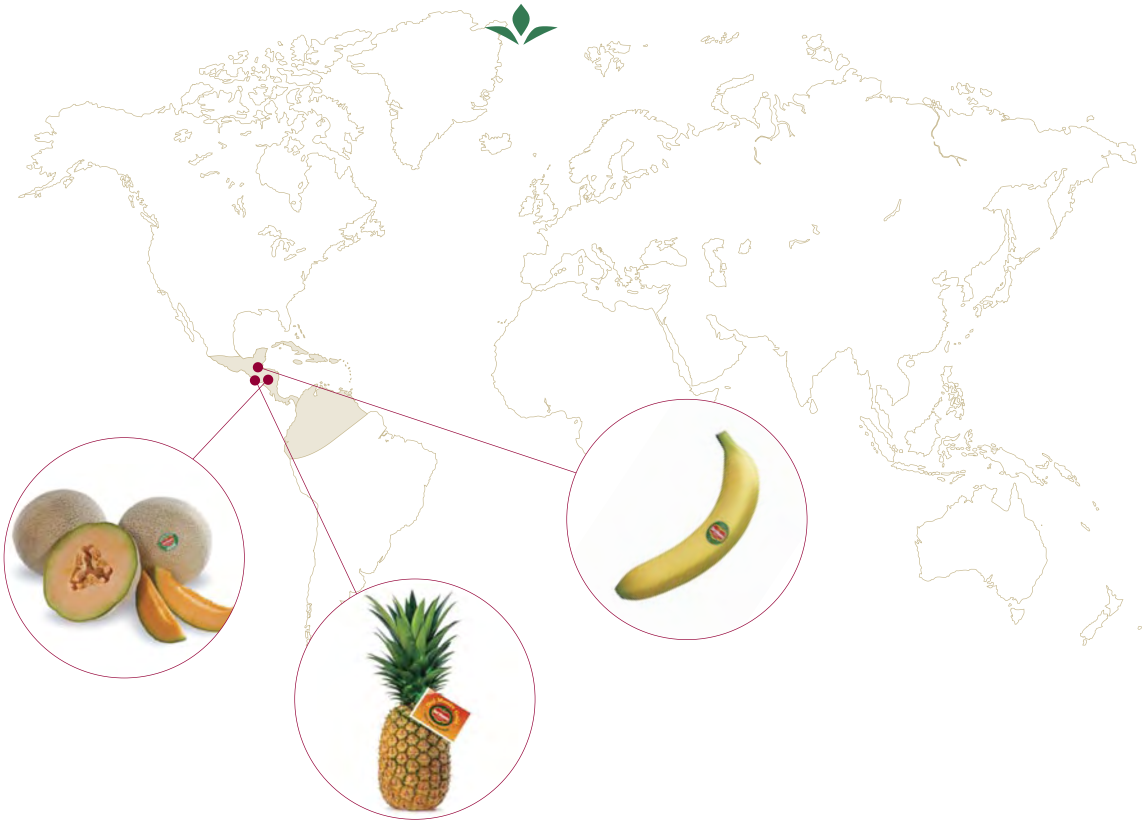
We grow Del Monte Gold® Extra Sweet pineapples in two production areas in the Philippines, one of the several places in the world where we grow our flagship premium pineapple.

We grow bananas in the Philippines, and we supply them to supermarkets in Japan, Korea and China.

CENTRAL AMERICA

Costa Rica is a productive growing region for Fresh Del Monte's traditional whole fresh produce, including bananas, pineapples and melons.

Bananas
Pineapples
Melons
Citrus
Non-Tropical Fruit
Potatoes
Tomatoes
Onions
Greens
Avocados
Fresh Cut
Pears
Prepared Food



An Expert Research and Development Team

Fulfilling Our Quality Commitment

We test more than 250 different melon varieties in Costa Rica each year.

Our Costa Rica-based R&D experts are continuously developing new products and processes for use in our fresh and fresh-cut business in North America and Europe.

We have exciting new pineapple varieties, including Del Monte Honey Gold™, which is due to market in late 2006.

We are gathering momentum in our primary product categories and creating an appealing selection of new products, including new varieties of bananas, pineapples and cantaloupes.

Lots of Costa Rican sun, plenty of rain, tropical temperatures, and careful attention to disease and pest prevention create ideal growing conditions for our Del Monte Gold® Extra Sweet pineapple.

Central America is a productive tropical growing region that constitutes a vast, natural "greenhouse" for Del Monte® branded bananas, melons and pineapples. It is also prime production area for our premium Del Monte Gold® Extra Sweet pineapples, and our delicious new Honey Gold™ pineapples, slated for market introduction in late 2006.

Quality is a vital aspect of our Company's business philosophy, brand and culture, and as a result our commitment to quality control measures is central to our strategy. Our agricultural research and development (R&D) team fulfills this crucial commitment and works to ensure that we produce consistently high-quality produce. Costa Rica provides the perfect showcase for the talents of our R&D team. Our local experts are sharply focused on minimizing the impact of ever-changing challenges, including unfavorable weather, diseases and pests, and they utilize state-of-the-art technology and proprietary research techniques to implement the best, environmentally safe production practices. They evaluate new products and processes to improve the efficiencies and productivity of our farming operations. They also continually monitor and test product quality and packaging, seeking solutions that satisfy customer needs.

In addition to quality management, our Costa Rica R&D professionals maintain a keen focus on social accountability, environmental compliance, sustainable agricultural practices, worker safety, food safety and quality management. They also coordinate third-party audits to document our compliance with internationally recognized benchmarks, including bioterrorism legislation and food safety standards. In fact, Fresh Del Monte's Costa Rica R&D experts are so skilled in their field that we often deploy them to consult in other Company growing regions, such as the Philippines, Cameroon, Brazil and Kenya.

SOUTH AMERICA

Fresh Del Monte is a major exporter of fresh produce from South America to North America, Europe and Asia-Pacific.

A Leading Grower of Bananas, Pineapples and Melons in Brazil

Growing Grapes in Chile

We grow an extensive range of fruit in Chile—from grapes, to non-tropical fruit, to citrus—for consumption in markets throughout the world.

Chile is also home to our dry product operations, which produce prunes, raisins and almonds.

In Brazil, we grow bananas, pineapples and melons primarily for European markets.

In Argentina, we grow corn and soybeans, and we provide grain storage and processing services.

South America is one of Fresh Del Monte's largest production areas, and Chile and Brazil are our two largest South American production countries. In Chile, we grow grapes; non-tropical fruit, including peaches, pears and apples; and citrus, including lemons, clementines and oranges. We also have dry product operations that produce prunes, raisins and almonds. In Brazil, we grow bananas, pineapples and melons. We also produce corn and soybeans, and provide grain storage and processing services in Argentina. Virtually all of the products we grow in these countries are transported through a highly efficient logistics network. In Chile, for example, this network includes our extensive chain of packing and cold storage facilities, as well as an integrated, countrywide trucking system through which our products are delivered to nearby ports and then shipped around the world. Our reputation for offering a full range of products, as well as for maintaining integrity, makes us an important enterprise to the independent growers who partner with us.

We partner with independent growers in Chile's fruit-growing areas, all of whom operate under the direct supervision of Fresh Del Monte's local quality assurance professionals.

We grow most varieties of grapes in Chile each year.

Delivering superior quality is essential to Fresh Del Monte's strategy, and our activities in South America take place under the watchful eye of our quality assurance professionals—a practice that has enabled many of our South American operations to earn ISO 9000 and Eurepgap certifications in recent years. We are also known for continuous product innovation, and our current pipeline includes our delicious specialty melons, truly exciting new products in the melon category.

EUROPE, AFRICA & THE MIDDLE EAST

We are expanding our existing product line, rebuilding our commercial relationships and entering a host of exciting new markets for our prepared food products.

Bananas
Pineapples
Melons
Juices
Non-Tropical Fruit
Potatoes
Poultry
Onions
Greens
Avocados
Fresh Cut
Pears
Prepared Food

A Number of Important Growth Markets

Growing Provider of Prepared Food

We serve the needs of many of Europe's leading retailers with our revamped prepared food products.

We have an expansive new product line that includes an appealing assortment of healthy and nutritious beverages and snacks.

We are entering new markets in the Middle East, and Central and Eastern Europe, where the Del Monte® brand is recognized and respected for quality, freshness and reliability.

We are continuously implementing new methods to drive improvements in efficiencies and reduce costs.

Fresh Del Monte has a growing presence in the prepared food business in Europe, Africa and the Middle East. We are working diligently to forge strong relationships with many of the top European supermarkets, and our prepared fruit and vegetables, juices, beverages, snacks and desserts are featured on the shelves of many leading retailers.

New products are essential to the growth of our prepared food business, and we have developed a range of healthful foods, snacks and beverages, including an all-natural juice made from our Del Monte Gold® Extra Sweet pineapple. We have also targeted the goal of becoming the market leader in additional prepared food products, such as tomato sauces and purees. We expect to promote these and other new products through an advertising campaign in Europe in 2006.

We offer a wide range of prepared food products, including fruit and vegetables, juices, beverages, snacks and desserts, which we market in Europe, Africa and the Middle East.

In addition to Europe, Fresh Del Monte is expanding in the Middle East, where our brand is well recognized and consumers are demanding sophisticated products. We are also growing in Central and Eastern Europe in markets like Poland, where consumers view our traditional products as upscale prepared food items. In addition, we are continuing to develop products that appeal to "fresh-conscious" Western European markets, such as sliced fruit in clear jars and blended fruit juices. Finally, we are expanding our high-quality poultry products in Jordan and introducing other protein products. We are building a state-of-the-art multi-purpose facility in Dubai that is slated to open in late 2006, and we have plans to build facilities in Algeria and other countries in the Middle East. We are confident that these products and markets hold tremendous growth potential for Fresh Del Monte Produce in the future.

To Our Shareholders:

From our earliest days at Fresh Del Monte Produce, we have maintained a sharp focus on long-term growth. We have always believed that we would achieve outstanding results over time, and we have been satisfied to advance toward that goal step-by-step. It was only natural that, as our management team entered our 10th year as stewards of Fresh Del Monte Produce, we paused to reflect on the truly remarkable progress we have made on our journey to date.

Shortly after we joined Fresh Del Monte Produce in December 1996, the Company reported $1.2 billion in net sales. At that time, our products were marketed in more than 40 countries, and we employed approximately 14,000 people. We offered three core products: bananas, pineapples and melons, but 73 percent of revenues came from bananas, making us an organization that was heavily dependent on a single product. We owned no ships, had no proprietary inland transportation capabilities, and just two distribution centers.

What we did have in those early days was a clear vision of where we wanted to take the Company and the drive to realize that vision. We also had a wealth of experience. Many of the key members of our senior management team had been in the fresh produce business for their entire careers, and we understood that Fresh Del Monte Produce had the potential to offer a wide range of products in markets throughout the world. We also recognized that the Company had the fundamental strengths to leverage that potential. Our infrastructure, for example, was solid enough to support expansion and growth. Our Del Monte® brand represented an immeasurable asset, as it was valued by consumers and retailers worldwide as a symbol of quality, freshness and reliability. Our management team commanded respect in our industry and within our Company. Most important, our employees were dedicated to advancing our global reputation for excellence, and they had the loyalty and work ethic to see our mission through.

While the combination of these strengths formed the basis of a formidable advantage for our Company, the real secret to Fresh Del Monte's success has been our exceptional resolve: in short, when we target a goal, we never waver until we achieve it. Over the years, this attribute has repeatedly caused us to raise our sights to even higher goals. In the beginning, we set out to become a diversified fresh produce company with a wider range of products. Our primary objective then was to reduce our dependency on bananas and enter additional product lines that would expand our revenue stream. Within short order, we added

Mohammad Abu-Ghazaleh

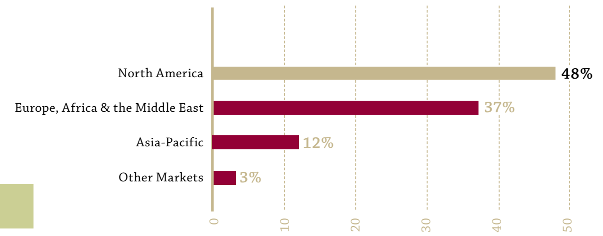
the new goal of realizing geographic diversification, and we quickly began expanding our global footprint, serving the needs of global retailers, and decreasing our reliance on sourcing in regions that were vulnerable to economic, political or climatic instability. Next, we expanded our product categories, moving aggressively into fresh-cut produce, where we rapidly became the branded leader in the U.S., and subsequently entering the markets for prepared food in Europe, Africa and the Middle East.

In the process of fulfilling these goals, we scored numerous victories: we forged new customer relationships, built our distribution network, expanded our selection of value-added services, developed dozens of new products, and innovated exciting packaging concepts. By striking a prudent balance between organic and external growth, we easily surpassed our goal of becoming a diversified fresh and fresh-cut produce company, to become something far greater: a global diversified food company. Meanwhile, we continued to raise our standards, and we are now well on our way to realizing an even more ambitious goal: to become the world's leading supplier of healthful, wholesome and nutritious fresh and prepared food and beverages for consumers of all ages.

Accelerating Our Progress In 2005, we significantly accelerated our progress toward this objective. During the year, we refocused our prepared food business by establishing new customer relationships; improving existing prepared food products and introducing new ones, including beverages and snacks; driving new synergies between our fresh, fresh-cut and prepared food operations; creating a consumer advertising campaign for launch in 2006 in European markets; and penetrating opportunity-rich regions, such as the Middle East, North Africa, and Central and Eastern Europe. We prepared ourselves to capitalize on these opportunities by improving the utilization of our administrative functions, rationalizing our product lines, expanding and strengthening our European and regional management teams, and reorganizing our European operations, all with a focus on driving performance, cost improvements and efficiencies.

At the same time, we remained clearly focused on expanding our whole fresh and fresh-cut opportunities in North America. We demonstrated this by identifying a number of new consumer-direct retail sales channels, including convenience stores, casual dining outlets and major supermarkets. We also increased our selection of value-added services, introducing an

2005 NET SALES BY GEOGRAPHIC MARKET



To Our Shareholders *[continued]*:

"overwrap" program that is popular with grocer customers and creates opportunities to expand our produce aisle sales.

As we anticipated, we also maintained our strong leadership position in the gold pineapple business. Gold pineapple is not a commodity, but rather a product that is unique to each of the few companies in our industry that grow their own varieties. As the trailblazer in the gold pineapple category, Fresh Del Monte has always known that the inherent strength of the Del Monte® brand, combined with the exceptional quality, taste and consistency of our Del Monte Gold® Extra Sweet pineapple, would differentiate us from our competitors. In 2005, many grocers came to the same conclusion, affirming Del Monte Gold® as their preferred product.

New products are crucial to Fresh Del Monte's long-term success, and during 2005, we made a number of exciting introductions. For example, we worked closely with McDonald's® in the U.K., Wendy's® in the U.S. and other quick-serve outlets to provide all-natural fruit products with no preservatives, artificial sugars, colors or flavors. We expect consumer interest in these delicious, wholesome offerings to grow dramatically in the years to come.

Addressing Challenges ✦ Fresh Del Monte's ability to deliver these operating accomplishments in 2005 was truly impressive in light of the many challenges we faced during the year—challenges that were not very different from those we have confronted periodically for close to a decade. In 2005, we contended with a range of higher operating costs, including increased rates for fuel, trucking, raw materials and spot charters. We also met with a depressed banana market in North America and, during the fourth quarter, in Asia, as well as a series of major hurricanes in the U.S. While these factors combined to create a tough operating climate for our Company, the fact is, in our business we expect to face challenges, so we anticipate them, prepare for them, and equip ourselves to overcome them. Our success in doing so is a testament to the strength of our management team and the versatility of our diverse global business.

Moving into the Next Decade ✦ We enter 2006 pleased with our progress over the last 10 years and proud of what Fresh Del Monte is today: namely, a major enterprise with $3.3 billion in sales, with customers in approximately 100 countries, and an employee base that is 37,000 strong. We have solid relationships with many of the world's preeminent grocer

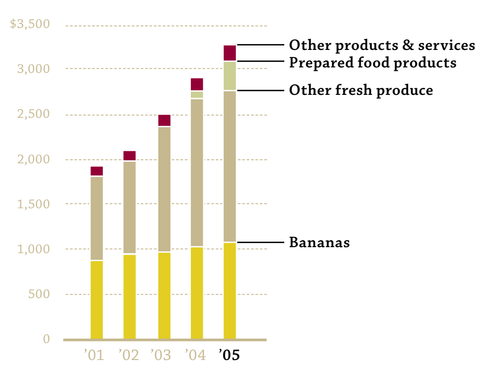
retailers. We believe we are a leader in several major product categories, including fresh and fresh-cut produce, prepared fruit and vegetables, juices, beverages, snacks and desserts. We have a diversified revenue stream with just 33 percent of our net sales derived from bananas. We have a powerful supply chain, which is predominantly Company-owned and includes our own shipping fleet and North America inland transportation network, as well as 43 global distribution centers and 14 fresh-cut facilities worldwide. We have a world-class brand and exceptional sales, marketing, and research and development capabilities. Moreover, we have a tradition of providing our employees worldwide with exciting opportunities to grow with us. These current-day facts tell a remarkable story of a company that has made tremendous strides through the years and has evolved into an enterprise that has created a strong position for itself as a global diversified food company.

Yet, we recognize that we still have much to achieve, and we remain as eager as ever to set new goals for the future. As we move forward, one of these goals is to build our momentum in our prepared food business. Specifically, we are focused on securing our existing footprint, while establishing new factories and distribution centers that cater to growing markets in North Africa and the Middle East where rising living standards are creating an appetite for Del Monte® branded prepared food. We also plan to expand our fresh-cut product offerings in the U.S., building on our commitment to provide healthy and nutritious food, and attracting new customers.

It's often been noted that every journey—even the longest one—begins with a single step. Fresh Del Monte Produce took one such defining step in 1996, and I recognize that some of you have been by our side since our journey began. To you, as well as our more recent shareholders, I extend my warmest gratitude and appreciation. I invite all of you to continue to accompany us down the exciting—and rewarding—road ahead.

Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

NET SALES BY PRODUCT CATEGORY
dollars in millions



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2005 annual report

Operating Results

OVERVIEW

We are one of the world's leading vertically integrated producers, marketers and distributors of high-quality fresh and fresh-cut fruit and vegetables, as well as a leading producer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts in Europe, Africa and the Middle East. We market our products worldwide under the DEL MONTE® brand, a symbol of product quality and reliability since 1892. Our global sourcing and logistics system allows us to provide regular delivery of consistently high- quality produce and value-added services to our customers.

Net Sales Our net sales are affected by numerous factors including the balance between the supply of and demand for our produce and competition from other fresh produce companies. Our net sales are also dependent on our ability to supply a consistent volume and quality of fresh produce to the markets we serve. For example, seasonal variations in demand for bananas as a result of increased supply and competition from other fruit are reflected in the seasonal fluctuations in banana prices, with the first six months of each year generally exhibiting stronger demand and higher prices, except in those years where an excess supply exists. Also in the European Union, the banana import license system was replaced with a tariff-only banana import system effective January 1, 2006. We support the European Union decision to adopt this new banana tariff-only import regime as of January 1, 2006 that includes a tariff of 176 euros per ton for bananas imported from Latin American countries. In the processed food business, we normally realize the largest portion of our net sales and gross profit in the third and fourth quarters of the year.

Since our financial reporting currency is the U.S. dollar, our net sales are significantly affected by fluctuations in the value of the currency in which we conduct our sales versus the dollar, with a strong dollar versus such currencies resulting in reduced net sales in dollar terms. Our net sales for 2005 were positively impacted by approximately $61.5 million, as compared to 2004, as a result of a stronger euro, British pound, Japanese yen and Korean won versus the U.S. dollar.

Our net sales growth in recent years has been achieved primarily through increased sales volume in existing markets of other fresh produce, primarily pineapples, melons and non-tropical fruit and favorable pricing in our Del Monte Gold® Extra Sweet pineapple. Also contributing to our sales growth has been the new products that resulted from our recent acquisitions including tomatoes, potatoes and onions combined with expansion of value-added services such as banana ripening and prepared food. Our net sales growth in recent years is also attributable to a broadening of our product line with the expansion of our fresh-cut produce business. We expect our net sales growth to continue to be driven by increased sales volumes in our other fresh produce segment and acquisitions. In Europe, we expect our net sales to increase due to the new prepared food product offerings that resulted from our recent acquisition of Del Monte Foods. In addition, we expect to increase our sales in Europe by developing new products in the fresh and prepared food product lines and enter new markets in Eastern Europe, Africa and the Middle East. In European countries where we have both fresh and prepared food operations, we are undertaking efforts to cross-market fresh products to supermarkets that once carried only our prepared food, and to market prepared food to our fresh produce customers. We also expect our net sales of Del Monte Gold® Extra Sweet pineapple to approximate last year's levels.

Cost of Products Sold Cost of products sold is principally composed of two elements; product and logistics costs. Product cost for our produce is primarily composed of cultivation (the cost of growing crops), harvesting, packaging, labor, depreciation and farm administration. Product cost for produce obtained from independent growers is composed of produce and packaging costs. Logistics costs include land and sea transportation and expenses related to port facilities and distribution centers. Sea transportation cost is the most significant component of logistics costs and is comprised of the cost of vessel operating expenses and chartering refrigerated vessels. Vessel operating expenses for our vessels include operations, maintenance, depreciation, insurance, fuel, the cost of which is subject to commodity price fluctuations, and port charges. For chartered vessels, operating expenses include the cost of chartering the vessels, fuel and port charges. Variations in containerboard prices, which affect the cost of boxes and other packaging materials, and fuel prices, can have a significant impact on our product cost and our profit margins. Containerboard, plastic, resin and fuel prices have historically been volatile. Fuel prices increased significantly and containerboard prices increased slightly in 2003 as compared to 2002. During 2004, fuel prices and containerboard both increased again. During 2005, fuel costs increased an additional 41% and containerboard increased slightly. This increase in containerboard and fuel prices has added approximately $24.0 million to our cost of sales in 2005 as compared to 2004.

Operating Results *(continued)*

In general, changes in our volume of products sold can have a disproportionate effect on our gross profit. Within any particular year, a significant portion of our cost of products sold is fixed, both with respect to our operations and with respect to the cost of produce purchased from independent growers from whom we have agreed to purchase all the products they produce. Accordingly, higher volumes produced on company-owned farms directly reduce the average per-box cost, while lower volumes directly increase the average per-box cost. In addition, because the volume that will actually be produced on our farms and by independent growers in any given year depends on a variety of factors, including weather, that are beyond our control or the control of our independent growers, it is difficult to predict volumes and per-box costs.

Selling, General and Administrative Expenses Selling, general and administrative expenses include primarily the costs associated with selling in countries where we have our own sales force, advertising and promotional expenses, professional fees, general corporate overhead and other related administrative functions. The prepared food business requires a significant marketing effort, which is included in selling, general and administrative expenses and as a result we expect marketing and promotional expenses to increase slightly during 2006.

Interest Expense Interest expense consists primarily of interest on borrowings under working capital facilities that we maintain and interest on other long-term debt primarily for vessel purchases and capital lease obligations. In 2005, as a result of the Del Monte Foods acquisition at the beginning of the fourth quarter of 2004, our average outstanding debt level has increased which combined with higher interest rates, resulted in higher interest expense. In 2006, we expect our increased borrowing levels under our credit facility and higher interest rates to result in higher interest expense.

Other Income (Expense), Net Other income (expense), net primarily consists of equity earnings in unconsolidated companies, together with currency exchange gains or losses and other miscellaneous income and expense items such as insurance recoveries and gains and losses from sales of investments and property, plant and equipment.

Provision for Income Taxes Income taxes consist of the consolidation of the tax provisions, computed on a separate entity basis, in each country in which we have operations. Since we are a non-U.S. company with substantial operations outside the United States, a substantial portion of our results of operations is not subject to U.S. taxation. Many of the countries in which we operate have favorable tax rates. We are subject to U.S. taxation on our distribution and fresh-cut operations in the United States. From time to time, tax authorities in various jurisdictions in which we operate audit our tax returns and review our business structures and positions and there are audits presently pending in various countries. There can be no assurance that any tax audits, or changes in existing tax laws or interpretations in countries in which we operate, will not result in an increased effective tax rate for us. We have established tax contingency accruals as a result of various tax audits currently in process. The amount of income taxes due as a result of the eventual outcome of these audits may differ from the amount of estimated tax accruals.

Results of Operations The following table presents, for each of the periods indicated, certain income statement data expressed as a percentage of net sales:

	Year ended		
	December 30, 2005	December 31, 2004	December 26, 2003
Income Statement Data:			
Net sales	**100.0%**	100.0%	100.0%
Gross profit	**9.6**	9.1	13.2
Selling, general and administrative expenses	**5.9**	4.5	4.3
Operating income	**3.6**	4.4	8.9
Interest expense	**0.5**	0.3	0.3
Net income	**3.3**	4.8	9.1

The following tables present for each of the periods indicated (1) net sales by geographic region, (2) net sales by product category and (3) gross profit by product category, and in each case, the percentage of the total represented thereby.

(U.S. dollars in millions)	Year ended					
	December 30, 2005		December 31, 2004		December 26, 2003	
Net sales by geographic region:						
North America	**$1,566.6**	**48%**	$1,497.4	52%	$1,339.0	54%
Europe, Africa and the Middle East	**1,219.7**	**37**	940.5	32	714.8	29
Asia-Pacific	**376.6**	**12**	385.8	13	373.3	15
Other	**96.8**	**3**	82.3	3	59.7	2
Total	**$3,259.7**	**100%**	$2,906.0	100%	$2,486.8	100%

(U.S. dollars in millions)	Year ended					
	December 30, 2005		December 31, 2004		December 26, 2003	
Net sales by product category:						
Bananas	**$1,079.0**	**33%**	$1,030.8	35%	$ 969.6	39%
Other fresh produce	**1,693.9**	**52**	1,638.7	57	1,398.1	56
Prepared food	**316.5**	**10**	88.8	3	—	—
Other products and services	**170.3**	**5**	147.7	5	119.1	5
Total	**$3,259.7**	**100%**	$2,906.0	100%	$2,486.8	100%
Gross profit by product category:						
Bananas	**$ 37.5**	**12%**	$ 23.0	9%	$ 69.2	21%
Other fresh produce	**216.6**	**70**	216.1	82	249.5	76
Prepared food	**46.7**	**15**	16.3	6	—	—
Other products and services	**10.7**	**3**	9.3	3	9.5	3
Total	**$ 311.5**	**100%**	$ 264.7	100%	$ 328.2	100%

2005 COMPARED WITH 2004

Net Sales Net sales in 2005 were $3,259.7 million compared with $2,906.0 million in 2004. The increase in net sales of $353.7 million was primarily attributed to higher net sales of prepared food, other fresh produce, bananas and other products and services. Net sales of prepared food increased $227.7 million during 2005 due to the acquisition of Del Monte Foods during the fourth quarter of 2004. Net sales of other fresh produce increased $55.2 million due to higher net sales of fresh-cut fruit and vegetables, avocados and melons, partially offset by reduced net sales of non-tropical fruit, vegetables and other fruit as a result of lower sales volume. Net sales of fresh-cut fruit and vegetables increased 32% due to higher volumes sold to an expanding customer base and net sales of avocados and melons increased due to higher sales volume and per unit sales prices. The increase in net sales of bananas of $48.2 million was attributed to higher sales volume in the Asia-Pacific region combined with a 21% increase in per unit selling prices in Europe, partially offset by lower sales volume in the North American and European regions. The increase in net sales of other products and services of $22.6 million was principally due to increased net sales in our third party freight service as a result of higher freight volume and increased rates combined with increased net sales from our Jordanian poultry operations.

Net sales were positively affected by a weaker dollar versus the euro, British pound, Japanese yen and Korean won. The net effect of foreign exchange in 2005 compared with 2004 was an increase in net sales of $61.5 million of which approximately $25.8 million was attributed to the euro, $18.4 million to the British pound, $4.9 million to the Japanese yen and $12.4 million to the Korean won.

During 2005, one customer, Wal-Mart, Inc., accounted for approximately 11% of our total net sales. These sales are reported in our banana, other fresh produce and prepared food segments. No other customer accounted for 10% or more of our net sales. In 2005, the top ten customers accounted for approximately 32% of our net sales.

Cost of Products Sold Cost of products sold was $2,948.2 million in 2005 compared with $2,641.3 million in 2004, an increase of $306.9 million. This increase is primarily attributed to the new prepared food business in Europe combined with higher fruit procurement, containerboard, ocean freight, inland transportation and other operating costs, including a 41% increase in fuel costs. These cost increases are expected to continue in 2006.

Gross Profit Gross profit was $311.5 million in 2005 compared with $264.7 million for the same period in 2004. The increase in gross profit of $46.8 million is principally due to the new prepared food business in Europe, which contributed $30.4 million of the increase combined with higher gross profit on bananas and other products and services. Gross profit for other fresh produce during 2005 was relatively the same as in 2004 as a result of higher gross profit on melons, fresh-cut fruit and vegetables, and other fruit and vegetables which resulted from increased per unit selling prices being offset by reduced gross profit on gold pineapples, tomatoes and non-tropical fruit. Gross profit on gold pineapples decreased 14% due to increased competition which resulted in lower per unit selling prices. As a percentage of net sales, gross profit margins increased to 9.6% in 2005 as compared with 9.1% in 2004.

Selling, General and Administrative Expenses Selling, general and administrative expenses increased $59.9 million to $190.9 million in 2005 compared with $131.0 million in 2004. The increase is primarily due to the new prepared food business in Europe, which contributed $39.5 million of the increase. Also contributing to the increase in selling, general and administrative expenses were higher professional fees including costs associated with implementing the requirements of Sarbanes-Oxley and information technology costs.

Asset Impairment Charges Asset impairment charges were $3.1 million in 2005 as compared with $5.4 million in 2004, a decrease of $2.3 million. Based on the underutilization of a facility in North America related to the other fresh produce segment and as a result of damages sustained from Hurricane Katrina at the New Orleans distribution center, an asset impairment charge of $3.1 million was recorded in 2005. Based on continued operating losses and discontinued product lines in the United Kingdom, the United States and Brazil related to the other fresh produce and banana categories, certain machinery and equipment was written down to its estimated fair value. As a result, an asset impairment charge of $5.4 million was recorded in 2004.

Operating Income Operating income in 2005 was $117.5 million compared with $128.3 million in 2004, a decrease of $10.8 million. The decrease in operating income is primarily attributable to higher selling, general and administrative expenses partially offset by higher gross profit and lower asset impairment charges.

Interest Expense Interest expense increased $8.1 million to $17.1 million in 2005 compared with $9.0 million in 2004 primarily as a result of higher average debt balances that resulted from the Del Monte Foods acquisition made during the fourth quarter of 2004 combined with higher interest rates.

Other Income (Expense), Net Other income (expense), net was an expense of $3.1 million in 2005 compared with income of $6.9 million in 2004. The decrease of $10.0 million was principally due to foreign exchange losses incurred in 2005 combined with equity losses from unconsolidated subsidiaries, partially offset by increased royalty income as a result of the new prepared food business in Europe.

Provision for (Benefit from) Income Taxes Provision for (benefit from) income taxes was a benefit of $8.3 million in 2005, compared with a benefit of $12.2 million in 2004. The benefit from income taxes in 2005 includes increases in net deferred tax assets as a result of net operating losses expected to be utilized against future taxable income in certain jurisdictions as well as reversals of certain contingency accruals. The benefit from income taxes for 2004 includes a net benefit of $20.6 million, primarily due to the reversal of tax contingency accruals net of changes in deferred tax assets for the settlement of a United States tax audit for the years 1997 through 2001. Our effective tax rate for 2006 is expected to be 5% to 6%.

2004 COMPARED WITH 2003

Net Sales Net sales in 2004 were $2,906.0 million compared with $2,486.8 million in 2003. The increase in net sales of $419.2 million was primarily attributable to higher net sales of other fresh produce, the Del Monte Foods acquisition, bananas and other products and services. Net sales of other fresh produce increased $240.6 million principally due to higher sales volume of tomatoes and vegetables in North America, higher sales volume and per unit net sales prices of tomatoes, fresh-cut fruit and vegetables, and non-tropical fruit in North America and Europe. The Del Monte Foods acquisition contributed $88.8 million of the increase in net sales. The increase in banana net sales of $61.2 million is principally attributable to higher per unit sales prices and a 17% increase in sales volume in Europe partially offset by lower per unit sales prices and sales volume in North America. The increase in net sales of other products and services is principally attributable to increases in third-party cargo services.

Net sales were positively affected by a weaker dollar versus the euro, the British pound and the Japanese yen. The net effect of foreign exchange in 2004 compared with 2003 was an increase in net sales of approximately $70.5 million of which approximately $47.9 million is attributable to the euro, $8.0 million to the British pound and $14.6 million to the Japanese yen.

During 2004, one customer, Wal-Mart, Inc., accounted for approximately 14% of our total net sales. These sales are reported in our banana and other fresh produce segments. No other customer accounted for 10% or more of our net sales. In 2004, the top ten customers accounted for approximately 35% of our net sales.

Cost of Products Sold Cost of products sold was $2,641.3 million in 2004 compared with $2,158.6 million in 2003, an increase of $482.7 million. This increase is primarily due to higher sales volume and per unit fruit costs of other fresh produce and higher banana per unit fruit costs as the result of adverse growing conditions in Costa Rica, combined with higher containerboard and higher fuel and distribution costs. The increase in cost of products sold related to the Del Monte Foods acquisition is $72.5 million.

Gross Profit Gross profit was $264.7 million in 2004 compared with $328.2 million for the same period in 2003. The decrease of $63.5 million was primarily attributable to a 67% decrease in banana gross profit that resulted from higher production costs including higher commodity costs, Sigatoka disease and poor weather conditions in Costa Rica. Higher production, fruit procurement and transportation costs in the other fresh produce category also contributed to the decrease in gross profit. The Del Monte Foods acquisition contributed $16.3 million to gross profit in 2004. As a percentage of net sales, gross profit margins decreased to 9.1% in 2004 as compared with 13.2% in 2003. This decrease in gross profit margin was primarily attributable to increased production costs combined with higher containerboard, fuel and distribution costs.

Selling, General and Administrative Expenses Selling, general and administrative expenses increased $23.2 million to $131.0 million in 2004 compared with $107.8 million in 2003. The increase was primarily due to the Del Monte Foods acquisition, which accounted for $13.1 million, higher administrative expenses related to professional fees in connection with the ongoing initiatives to implement the Sarbanes-Oxley Act combined with information technology services and higher sales and marketing expenses in Europe.

Asset Impairment Charge Based on continued operating losses and discontinued product lines in the United Kingdom, the United States and Brazil related to the other fresh produce and banana categories, certain machinery and equipment was written down to its estimated fair value. As a result, an asset impairment charge of $5.4 million was recorded in 2004.

Operating Income Operating income in 2004 was $128.3 million compared with $220.4 million in 2003, a decrease of $92.1 million. The decrease in operating income is attributable to lower gross profit, higher selling, general and administrative expenses combined with the asset impairment charge that was incurred in 2004.

Interest Expense Interest expense increased $1.7 million to $9.0 million in 2004 compared with $7.3 million in 2003, primarily as a result of higher average debt balances that resulted from recent acquisitions.

Other Income (Expense), Net Other income (expense), net was $6.9 million in 2004 compared with $28.4 million in 2003. The decrease of $21.5 million is primarily attributable to insurance recoveries of $11.5 million related to Hurricane Mitch in 1998 and a gain on the sale of the 50% interest in Compania Industrial Corrugadora Guatemala S.A., a manufacturer of corrugated boxes of $5.5 million both recorded in 2003. In addition, lower equity in earnings of unconsolidated companies during 2004 and higher other miscellaneous expenses incurred during 2004 also contributed to the decrease in other income (expense), net as compared with 2003.

Provision for (Benefit from) Income Taxes Provision for (benefit from) income taxes decreased from a provision of $15.9 million in 2003 to a benefit of $12.2 million for 2004. Income tax benefit for 2004 includes a net benefit of $20.6 million, primarily due to the reversal of tax contingency accruals net of changes in deferred tax assets for the settlement of a United States tax audit for the years 1997 through 2001. Excluding this benefit of $20.6 million, the provision for income taxes would be $8.4 million for 2004 as compared with $15.9 million in 2003. This reduction of $7.5 million is primarily due to lower taxable income in the United States.

Seasonality In part as a result of seasonal sales price fluctuations, we have historically realized most of our net sales and a majority of our gross profit during the first two calendar quarters of the year. The sales price of any fresh produce item fluctuates throughout the year due to the supply of and demand for that particular item, as well as the pricing and availability of other fresh produce items, many of which are seasonal in nature. For example, the production of bananas is continuous throughout the year and production is usually higher in the second half of the year, but the demand for bananas varies because of the availability of other fruit. As a result, demand for bananas is seasonal and generally results in higher sales prices during the first six months of the calendar year. We make most of our sales of non-tropical fruit from October to May. In the melon market, the entry of many growers selling unbranded or regionally branded melons during the peak North American and European melon growing season results in greater supply, and therefore lower sales prices, from June to October. As a result of greater demand during the fourth quarter, the prepared food business is normally expected to have higher net sales and gross profit during this period. These seasonal fluctuations are illustrated in the following table, which presents certain unaudited quarterly financial information for the periods indicated:

	Year ended	
(U.S. dollars in millions)	**December 30, 2005**	December 31, 2004
Net sales:		
First quarter	**$ 838.5**	$ 713.8
Second quarter	**922.8**	763.6
Third quarter	**740.5**	610.4
Fourth quarter	**757.9**	818.2
Total	**$3,259.7**	$2,906.0
Gross profit:		
First quarter	**$ 117.0**	$ 77.2
Second quarter	**103.5**	89.1
Third quarter	**50.5**	30.8
Fourth quarter	**40.5**	67.6
Total	**$ 311.5**	$ 264.7

Liquidity and Capital Resources Net cash provided by operating activities for 2005 was $110.0 million, a decrease of $47.0 million from 2004. The decrease in net cash provided by operating activities was principally attributable to lower net income combined with funding higher levels of working capital in 2005 compared with 2004, partially offset by an increase in depreciation and amortization expense. Net cash provided by operating activities for 2004 was $157.0 million, a decrease of $107.0 million from 2003. The decrease in net cash provided by operating activities was primarily attributable to a decrease in net income when considering the reversal of tax contingency and asset impairment charges incurred during 2004 combined with increases in receivables that result from higher net sales for fresh produce and prepared food partially offset by other changes in operating assets and liabilities.

Working capital was $416.2 million at December 30, 2005, compared with $299.9 million at December 31, 2004, an increase of $116.3 million. This increase in working capital is principally attributed to higher levels of finished goods inventory and accounts receivables related to prepared food.

Net cash used in investing activities was $78.1 million for 2005, $412.0 million for 2004 and $159.4 million for 2003. Net cash used in investing activities for 2005 consisted principally of capital expenditures of $81.1 million partially offset by proceeds from sale of assets of $3.7 million. Capital expenditures in 2005 consisted primarily of expansion of production operations in South America, the Philippines, Africa and the Middle East and for information technology initiatives.

Net cash used in investing activities for 2004 consisted primarily of purchase of subsidiaries, net of cash acquired and capital expenditures. Purchase of subsidiaries consisted of the acquisition of Del Monte Foods for $302.3 million, which is net of $24.0 million of assumed debt and $13.3 million of cash acquired combined with the acquisition of Can-Am for $18.6 million, net of $0.2 million of cash acquired. Capital expenditures in 2004 consisted primarily of expansion of our distribution facilities and fresh-cut facilities in Europe and North America, expansion of production facilities in South America and information technology initiatives in North America, Europe and Asia-Pacific.

On October 1, 2004, we acquired Del Monte Foods, including its operations in Europe, Africa and the Middle East. We acquired Del Monte Foods for $339.6 million financed primarily through cash on hand and borrowings under our credit facility. Del Monte Foods is a vertically integrated producer, marketer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts. Through this acquisition we will add an attractive array of products and brands to our existing portfolio. The company holds a perpetual, royalty-free license to use the Del Monte® brand for prepared and/or canned foods in more than 100 countries throughout Europe, Africa and the Middle East. Del Monte® is the leading brand for prepared fruit and pineapple in many Western European markets and is a leading brand in the U.K. beverage market. This acquisition provides us with a myriad of new markets enhancing our ability to sell our branded fresh and processed products together under the Del Monte® name and strengthens our presence in Europe and other key markets. Del Monte Foods' juices, beverages and prepared fruit and vegetables are processed at facilities in the United Kingdom, Greece, South Africa and Italy, while its pineapple is cultivated and processed at its plantation and cannery in Kenya.

On August 11, 2004, we acquired Can-Am Express, Inc. and RLN Leasing, Inc. (collectively, "Can-Am"), a nationally-recognized refrigerated trucking operation based in Fargo, North Dakota. Can-Am utilizes a suite of logistics and fleet management software to optimize transportation services. With an owned fleet of 150 tractors and 200 trailers, and facilities in Fargo, North Dakota; Denton, Texas; and Cincinnati, Ohio, Can-Am provides over-the-road trucking services. Our acquisition of Can-Am has enabled us to provide comprehensive distribution services to our retail and foodservice customers.

Net cash used in investing activities for 2003 consisted primarily of the acquisition of Standard for $99.7 million, the acquisition of the remaining 33% interest in Envaco for $3.0 million, the acquisition of Expans for $0.8 million and the acquisition of Country Best for $12.2 million, combined with capital expenditures of $58.1 million, partially offset by $12.8 million of proceeds from sale of an equity investment. Capital expenditures in 2003 were primarily for the expansion of production facilities in South America, distribution centers and fresh-cut facilities in North America and the United Kingdom and for information technology. Standard, acquired on January 27, 2003, was a Dallas, Texas based integrated distributor of fresh fruit and vegetables, which services retail chains, foodservice distributors and other wholesalers in approximately 30 states. The acquisition included four distribution facilities, which increases our presence in key markets in the United States and allows us to increase our product offering to include tomatoes, potatoes, strawberries, onions, and an extensive line of specialty items. On June 18, 2003, we acquired the remaining interest in Envaco, providing us with 100% ownership of our corrugated box plant in Costa Rica. Expans, acquired on November 21, 2003, was a leading distributor of fresh fruit and vegetables in Poland. This acquisition enabled us to leverage the strong brand identity of Del Monte® and establish a strong foundation in Poland. Country Best, acquired on December 22, 2003, was a leading U.S. east coast processor and packager of potatoes, onions and other fresh fruit and vegetables. This acquisition includes processing and packaging operations in Florida, Georgia and New York. Proceeds from sale of an equity investment was due to the sale, on April 24, 2003, of our 50% equity interest in Compania Industrial Corrugadora Guatemala, S.A., a manufacturer of corrugated boxes.

Net cash used in financing activities of $51.0 million for 2005 was principally attributed to payment of cash dividends of $46.3 million combined with net repayment of long-term debt of $8.3 million, partially offset by proceeds from stock options exercised of $3.6 million. In 2006, we expect to pay cash dividends of approximately $46.5 million.

Net cash provided by financing activities of $240.7 million for 2004 was principally attributable to proceeds from long-term debt of $545.1 million and proceeds from stock options exercised of $4.4 million, partially offset by payments on long-term debt of $238.8 million, payments of debt of acquired subsidiary of $24.0 million and payment of dividends of $46.0 million.

Net cash used in financing activities of $66.2 million for 2003 was principally for the net repayment of long-term debt of $52.7 million and for the payment of our cash dividends of $25.5 million partially offset by the proceeds from stock options exercised of $12.0 million.

In recent years, we have financed our working capital and other liquidity requirements primarily through cash from operations and borrowings under our credit facility. We have a credit facility with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland," New York Branch, which we refer to as Rabobank. Our obligations under the credit facility are guaranteed by certain of our subsidiaries. On March 21, 2003, Fresh Del Monte, and certain wholly-owned subsidiaries entered into a

$400.0 million, four-year syndicated revolving credit facility (the "New Credit Facility"), with Rabobank Nederland, New York Branch, as administrative agent, which replaced the then existing $450.0 million revolving credit facility ("Revolving Credit Facility") including the $135.0 million five-year term loan maturing on May 10, 2005 ("Term Loan"). The Revolving Credit Facility contained covenants, which required us to maintain certain minimum financial ratios and limited the payment of future dividends. In connection with the Revolving Credit Facility, we entered into an interest rate swap agreement, which expired in January 2003 with the same bank to limit the effect of increases in interest rates on a portion of the Revolving Credit Facility. The notional amount of the swap decreased over its life from $150.0 million in the first three months, to $53.6 million in the last three months. The cash differentials paid or received on the swap agreement were accrued and recognized as adjustments to interest expense. Interest expense related to the swap agreement amounted to $0.1 million for 2003. With drawdowns from the New Credit Facility, all amounts outstanding under the Revolving Credit Facility, including the remaining unpaid balance of the Term Loan of $25.0 million were paid off. On November 9, 2004, the New Credit Facility was amended to increase the total commitment to $600.0 million, a term loan commitment of up to $400.0 million was added and the maturity date was extended to November 10, 2009.

At December 30, 2005, we had $243.8 million available under committed working capital facilities, all of which is represented by the New Credit Facility. The New Credit Facility also includes a swing-line facility and a letter of credit facility. At December 30, 2005, $27.9 million of available credit was applied towards the issuance of letters of credit principally related to the Del Monte Foods acquisition which requires us to guarantee certain contingent obligations under the purchase agreement. The New Credit Facility as amended permits borrowings with an interest rate based on a spread over the London Interbank Offered Rate ("LIBOR") and expires on November 10, 2009. There was $330.1 million outstanding under the New Credit Facility at December 30, 2005.

The New Credit Facility is collateralized directly or indirectly by substantially all of our assets and requires us to meet certain covenants. We believe we are in compliance with these covenants. See "Financial Information—Description of New Credit Facility."

As of December 30, 2005, we had $360.8 million of long-term debt and capital lease obligations, including the current portion, consisting of $330.1 million of long-term debt related to the New Credit Facility, $0.3 million of long-term debt related to refrigerated vessel loans, $8.2 million of other long-term debt and $22.2 million of capital lease obligations.

Principal capital expenditures planned for 2006 consist of approximately $84.8 million for expansion of production facilities in South America, the Philippines, Africa and the Middle East and information technology initiatives. We expect to fund our capital expenditures in 2006 from operating cash flows and borrowings under our New Credit Facility. We believe that cash generated from operations and available borrowings will be adequate to cover our cash needs in 2006. We generated cash from operations of $110.0 million in 2005 and had $243.8 million available under our New Credit Facility as of December 30, 2005. Based on our operating plan and borrowing capacity of our New Credit Facility, we believe we have sufficient cash to meet our obligations in 2006. This belief is based on our positive operating results and cash flow in recent years.

Recent Developments On February 1, 2006, we announced our decision to cease pineapple planting operations at our Kunia, Hawaii location effective February 19, 2006. This decision is a result of increased planting of pineapple at lower costs in other parts of the world and our belief that it will not be economically feasible to continue to produce pineapple in Hawaii. Pineapple has a crop cycle of approximately three years and our current crop cycle will produce quality fruit through mid-2008. We expect to continue harvesting and packing pineapple in Hawaii through that time. As a result of this decision, we expect to record a restructuring charge during the first quarter of 2006, the amount of which is currently being finalized.

On March 3, 2006, our Board of Directors authorized an initial stock repurchase program of up to $300 million of our common stock. The timing and actual number of shares that will be repurchased in the open market will depend on a number of factors including the prevailing share price, market conditions and alternative investment opportunities. The share repurchases are expected to be funded primarily through operating cash flows and borrowings under our credit facility. We expect to complete this repurchase program within the next three years. As of February 14, 2006, we have amended our credit agreement to increase the allowable repurchase of our own stock in an aggregate amount not to exceed $300 million.

Operating Results *(continued)*

The following details information with respect to our contractual obligations as of December 30, 2005:

(U.S. dollars in millions)	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Payments by period:					
Fruit purchase agreements	$ 3,118.0	$ 546.6	$ 796.3	$ 656.3	$ 1,118.8
Purchase obligations	444.8	253.3	114.8	24.6	52.1
Operating leases	115.5	22.4	35.9	24.5	32.7
Capital lease obligations (including interest)	24.0	10.7	9.7	3.5	0.1
Long-term debt	338.6	2.0	3.4	332.9	0.3
Totals	**$4,040.9**	**$835.0**	**$960.1**	**$1,041.8**	**$1,204.0**

We have agreements to purchase the entire production of certain products of our independent growers in Costa Rica, Guatemala, Ecuador, Cameroon, Colombia, Chile, Brazil and the Philippines. Total purchases under these agreements amounted to $585.9 million, $571.4 million and $505.6 million for 2005, 2004 and 2003, respectively.

Ordinary Share Prices and Related Matters

Our ordinary shares are traded solely on the New York Stock Exchange, under the symbol FDP, and commenced trading on October 24, 1997, the date of our initial public offering.

The following table presents the high and low sales prices of our ordinary shares for the periods indicated as reported on the New York Stock Exchange Composite Tape:

	High	Low
Five most recent financial years		
Year ended December 28, 2001	$15.95	$ 4.56
Year ended December 27, 2002	$29.20	$13.70
Year ended December 26, 2003	$28.35	$15.12
Year ended December 31, 2004	$29.63	$22.62
Year ended December 30, 2005	$33.94	$21.90
2004		
First quarter	$27.99	$23.33
Second quarter	$25.98	$22.62
Third quarter	$27.65	$24.36
Fourth quarter	$29.63	$24.77

	High	Low
Most recent six months		
September 2005	$27.22	$25.49
October 2005	$28.56	$25.34
November 2005	$26.35	$24.50
December 2005	$27.02	$21.90
January 2006	$23.00	$21.66
February 2006	$21.82	$20.02
2005		
First quarter	$33.94	$28.31
Second quarter	$31.99	$25.80
Third quarter	$27.82	$25.16
Fourth quarter	$28.56	$21.90

As of December 30, 2005, there were 58,013,180 ordinary shares outstanding. As of February 17, 2006, we believe that holders in the United States held approximately 41% of the outstanding ordinary shares.

Consolidated Balance Sheets

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(U.S. dollars in millions, except share and per share data)	**December 30, 2005**	December 31, 2004
ASSETS		As Restated
Current assets:		
Cash and cash equivalents	**$ 24.5**	$ 42.1
Trade accounts receivable, net of allowance of $20.1 and $20.2, respectively	**288.9**	276.0
Advances to growers and other receivables, net of allowance of $20.4 and $20.7, respectively	**59.1**	54.7
Inventories	**388.7**	347.3
Deferred income taxes	**6.5**	3.8
Prepaid expenses and other current assets	**56.1**	18.4
Total current assets	**823.8**	742.3
Investments in and advances to unconsolidated companies	**13.8**	15.5
Property, plant and equipment, net	**893.0**	914.7
Deferred income taxes	**38.0**	38.6
Other noncurrent assets	**106.9**	103.4
Goodwill	**249.3**	262.0
Total assets	**$2,124.8**	$2,076.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	**$ 371.1**	$ 398.3
Current portion of long-term debt and capital lease obligations	**11.7**	15.8
Deferred income taxes	**16.1**	14.1
Income taxes payable	**8.7**	14.2
Total current liabilities	**407.6**	442.4
Long-term debt and capital lease obligations	**349.1**	347.7
Retirement benefits	**95.7**	96.0
Other noncurrent liabilities	**43.4**	41.7
Deferred income taxes	**65.9**	71.5
Total liabilities	**961.7**	999.3
Minority interests	**10.2**	8.0
Commitments and contingencies	**—**	—
Shareholders' equity:		
Preferred shares, $0.01 par value; 50,000,000 shares authorized; none issued or outstanding	**—**	—
Ordinary shares, $0.01 par value; 200,000,000 shares authorized; 58,013,180 and 57,690,074 issued and outstanding	**0.6**	0.6
Paid-in capital	**380.5**	376.9
Retained earnings	**774.9**	714.6
Accumulated other comprehensive loss	**(3.1)**	(22.9)
Total shareholders' equity	**1,152.9**	1,069.2
Total liabilities and shareholders' equity	**$2,124.8**	$2,076.5

See accompanying notes.

Consolidated Statements of Income

2005 annual report

(U.S. dollars in millions, except share and per share data)	Year ended December 30, 2005	December 31, 2004	December 26, 2003
Net sales	**$3,259.7**	$2,906.0	$2,486.8
Cost of products sold	**2,948.2**	2,641.3	2,158.6
Gross profit	**311.5**	264.7	328.2
Selling, general and administrative expenses	**190.9**	131.0	107.8
Asset impairment charges	**3.1**	5.4	—
Operating income	**117.5**	128.3	220.4
Interest expense	**(17.1)**	(9.0)	(7.3)
Interest income	**1.0**	0.8	0.8
Other income (expense), net	**(3.1)**	6.9	28.4
Income before income taxes	**98.3**	127.0	242.3
Provision for (benefit from) income taxes	**(8.3)**	(12.2)	15.9
Net income	**$ 106.6**	$ 139.2	$ 226.4
Net income per ordinary share—Basic	**$ 1.84**	$ 2.42	$ 4.00
Net income per ordinary share—Diluted	**$ 1.84**	$ 2.41	$ 3.95
Dividends declared per ordinary share	**$ 0.80**	$ 0.80	$ 0.45
Weighted average number of ordinary shares:			
Basic	**57,926,466**	57,487,131	56,539,691
Diluted	**58,077,282**	57,803,158	57,346,377

See accompanying notes.

Consolidated Statements of Cash Flows

(U.S. dollars in millions)	Year ended **December 30, 2005**	December 31, 2004	December 26, 2003
Operating activities:			
Net income	**$ 106.6**	$ 139.2	$ 226.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**89.0**	70.9	63.0
Asset impairment charges	**3.1**	5.4	—
Reversal of accrual for tax contingency	**—**	(18.0)	—
Gain on sale of equity investment	**—**	—	(5.5)
Gain on sale of equipment	**(1.2)**	—	—
Equity in loss (income) of unconsolidated companies	**2.1**	—	(1.2)
Deferred income taxes	**(3.7)**	7.8	(1.1)
Other, net	**(14.7)**	(1.4)	(7.0)
Changes in operating assets and liabilities, net of acquisitions:			
Receivables	**(17.5)**	(28.3)	(5.7)
Inventories	**(45.1)**	(14.1)	(23.2)
Prepaid expenses and other current assets	**(0.6)**	(6.5)	1.9
Accounts payable and accrued expenses	**(7.4)**	(4.5)	18.4
Other noncurrent assets and liabilities	**(0.6)**	6.5	(2.0)
Net cash provided by operating activities	**110.0**	157.0	264.0
Investing activities:			
Capital expenditures	**(81.1)**	(94.0)	(58.1)
Proceeds from sale of equity investment	**—**	—	12.8
Proceeds from sale of assets	**3.7**	2.4	1.5
Purchase of subsidiaries, net of cash acquired	**(2.0)**	(320.1)	(115.8)
Dividends received from unconsolidated companies	**0.4**	0.1	0.5
Other investing activities, net	**0.9**	(0.4)	(0.3)
Net cash used in investing activities	**(78.1)**	(412.0)	(159.4)
Financing activities:			
Proceeds from long-term debt	**724.0**	545.1	344.9
Payments on long-term debt	**(732.3)**	(238.8)	(397.6)
Payments on debt of acquired subsidiary	**—**	(24.0)	—
Proceeds from stock options exercised	**3.6**	4.4	12.0
Payments of dividends	**(46.3)**	(46.0)	(25.5)
Net cash (used in) provided by financing activities	**(51.0)**	240.7	(66.2)
Effect of exchange rate changes on cash	**1.5**	5.4	3.1
Net (decrease) increase in cash and cash equivalents	**(17.6)**	(8.9)	41.5
Cash and cash equivalents, beginning	**42.1**	51.0	9.5
Cash and cash equivalents, ending	**$ 24.5**	$ 42.1	$ 51.0
Supplemental cash flow information:			
Cash paid for interest, net of amounts capitalized	**$ 14.9**	$ 4.2	$ 4.4
Cash paid for income taxes	**3.0**	7.9	17.3
Non-cash investing and financing activities:			
Purchases of assets under capital lease obligations	**$ 6.1**	$ 7.2	$ 7.2

See accompanying notes.

Consolidated Statements of Shareholders' Equity

2005 annual report

(U.S. dollars in millions, except share data)	Ordinary Shares Outstanding	Ordinary Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 27, 2002	56,206,012	$ 0.6	$ 355.3	$ 420.5	$(16.9)	$ 759.5
Exercises of stock options	1,076,506	—	12.0	—	—	12.0
Dividends declared	—	—	—	(25.5)	—	(25.5)
Comprehensive income:						
Net income	—	—	—	226.4	—	226.4
Unrealized loss on derivatives, net of reclassification for losses of $27.7 included in net income	—	—	—	—	(29.7)	(29.7)
Net foreign currency translation adjustment	—	—	—	—	0.4	0.4
Additional minimum pension liability	—	—	—	—	(0.9)	(0.9)
Comprehensive income						196.2
Balance at December 26, 2003	57,282,518	0.6	367.3	621.4	(47.1)	942.2
Exercises of stock options	407,556	—	4.4	—	—	4.4
Tax benefit on stock options	—	—	5.2	—	—	5.2
Dividends declared	—	—	—	(46.0)	—	(46.0)
Comprehensive income:						
Net income	—	—	—	139.2	—	139.2
Unrealized gain on derivatives, net of reclassification for losses of $37.7 included in net income	—	—	—	—	7.9	7.9
Net foreign currency translation adjustment	—	—	—	—	16.7	16.7
Additional minimum pension liability	—	—	—	—	(0.4)	(0.4)
Comprehensive income						163.4
Balance at December 31, 2004	57,690,074	0.6	376.9	714.6	(22.9)	1,069.2
Exercises of stock options	323,106	—	3.6	—	—	3.6
Dividends declared	—	—	—	(46.3)	—	(46.3)
Comprehensive income:						
Net income	—	—	—	106.6	—	106.6
Unrealized gain on derivatives, net of reclassification for losses of $3.1 included in net income	—	—	—	—	61.9	61.9
Net foreign currency translation adjustment	—	—	—	—	(41.6)	(41.6)
Additional minimum pension liability	—	—	—	—	(0.5)	(0.5)
Comprehensive income						126.4
Balance at December 30, 2005	**58,013,180**	**$0.6**	**$380.5**	**$774.9**	**$(3.1)**	**$1,152.9**

See accompanying notes.

Notes to Consolidated Financial Statements

1. GENERAL

Fresh Del Monte Produce Inc. ("Fresh Del Monte") was incorporated under the laws of the Cayman Islands on August 29, 1996 and is 43.4% owned by IAT Group Inc., which is 100% beneficially owned by members of the Abu-Ghazaleh family. In addition, members of the Abu-Ghazaleh family directly own 8.5% of the outstanding ordinary shares of Fresh Del Monte.

Fresh Del Monte and its subsidiaries are engaged primarily in the worldwide production, transportation and marketing of fresh produce. Fresh Del Monte and its subsidiaries source their products, which include bananas, pineapples, melons and non-tropical fruit (including grapes, citrus, apples, pears, peaches, plums, nectarines, apricots and kiwi), plantains, Vidalia® sweet onions, tomatoes, potatoes and various greens, primarily from Central, South and North America and the Philippines. Fresh Del Monte also sources products from North America, Africa and Europe and distributes its products in Europe, the Asia-Pacific region and South America. Products are sourced from company-owned farms, through joint venture arrangements and through supply contracts with independent growers.

With the acquisition of Del Monte Foods Europe ("Del Monte Foods") on October 1, 2004, Fresh Del Monte became a vertically integrated producer, marketer and distributor of prepared fruit and vegetables, juices, snacks and desserts and holds a perpetual, royalty-free license to use the Del Monte® brand for prepared and/or canned food throughout Europe, Africa and the Middle East. See note 4, "Acquisitions."

2. BALANCE SHEET RESTATEMENT

As part of preparing for the upcoming internal control compliance deadline in 2006, Fresh Del Monte performed a comprehensive review of its global deferred income tax reporting processes. In performing this review, which culminated in the fourth quarter of 2005, Fresh Del Monte determined that certain deferred tax assets and liabilities relating to the revaluation of assets and liabilities from a prior acquisition were not recorded. Fresh Del Monte has concluded that there was an immaterial effect on operating results and no effects on cash flows or working capital of quarterly and annual reporting periods prior to and including 2005. However, Fresh Del Monte determined that its consolidated balance sheet as of December 31, 2004 should be restated to properly reflect the resulting deferred tax assets and liabilities and related effect on goodwill as follows (U.S. dollars in millions):

	December 31, 2004	
	As Reported	As Restated
Deferred income tax assets, noncurrent	$ 33.4	$ 38.6
Goodwill	$ 248.7	$ 262.0
Total assets	$2,058.0	$2,076.5
Deferred income tax liabilities, noncurrent	$ 53.0	$ 71.5
Total liabilities	$ 980.8	$ 999.3
Total liabilities and shareholders' equity	$2,058.0	$2,076.5

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation The consolidated financial statements include the accounts of Fresh Del Monte, its majority owned subsidiaries, which Fresh Del Monte controls, and a consolidated variable interest entity ("VIE"). Fresh Del Monte's fiscal year end is the last Friday of the calendar year or the first Friday subsequent to the end of the calendar year, whichever is closest to the end of the calendar year. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates Preparation of the financial statements in conformity with United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents Fresh Del Monte classifies as cash equivalents all highly liquid investments with a maturity of three months or less at the time of purchase.

Trade Receivables and Concentrations of Credit Risk Trade receivables are recognized on Fresh Del Monte's accompanying consolidated balance sheets at fair value. Fresh Del Monte performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and customers' credit worthiness, as determined by its review of their current credit information. Fresh Del Monte continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience, specific customer collection issues that it has identified and reviews of agings of trade receivables based on contractual terms. Fresh Del Monte generally does not require collateral on trade accounts receivable. No single customer's receivable balance is considered to be large enough to pose a significant credit risk to Fresh Del Monte.

Inventories Inventories are valued at the lower of cost or market. Cost is computed using the weighted average cost method for fresh produce and the first-in first-out, actual cost or average cost methods for raw materials and packaging supplies. Raw materials and packaging supplies inventory consists primarily of agricultural supplies, containerboard, packaging materials and spare parts.

Growing Crops Expenditures on pineapple, melon and non-tropical fruit growing crops are valued at the lower of cost or market and are deferred and charged to cost of products sold when the related crop is harvested and sold. The deferred growing costs consist primarily of land preparation, cultivation, irrigation and fertilization costs. Expenditures related to banana crops are expensed in the year incurred due to the continuous nature of the crop.

Investments in Unconsolidated Companies Investments in unconsolidated companies are accounted for under the equity method of accounting for investments of 20% or more in companies over which Fresh Del Monte does not have control except for one variable interest entity. See note 6, "Investments in Unconsolidated Companies" and note 7, "Variable Interest Entity."

Property, Plant and Equipment Property, plant and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for buildings, 5 to 20 years for ships and containers, 3 to 20 years for machinery and equipment, 3 to 7 years for furniture, fixtures and office equipment and 5 to 10 years for automotive equipment. Leasehold improvements are amortized over the term of the lease, or the estimated useful life of the related asset, whichever is shorter. When assets are retired or disposed of, the costs and accumulated depreciation or amortization are removed from the respective accounts and any related gain or loss is recognized. Maintenance and repairs are charged to expense as incurred. Significant expenditures, which extend the useful lives of assets, are capitalized. Interest is capitalized as part of the cost of construction. Costs related to land improvements for bananas, pineapples and non-tropical fruit and other agricultural projects are deferred during the formative stage and are amortized over the estimated life of the project.

Purchase Accounting Fresh Del Monte allocates the purchase price of business combinations to the fair values of assets it acquires based on appraisals from third parties as well as on certain internally generated information. Fresh Del Monte estimates the economic lives of certain acquired assets and these lives are used to calculate depreciation and amortization expense in periods subsequent to acquisitions. Estimates are revised, if necessary, in subsequent periods not exceeding one year, when pending information, if any, becomes available.

Goodwill Fresh Del Monte's goodwill represents the excess of the purchase price of business combinations over the fair value of the net assets acquired. Fresh Del Monte assesses goodwill for impairment with the assistance of an independent valuation firm on an annual basis on the first day of the fourth quarter of each fiscal year, or sooner if events indicate such a review is necessary. Based on this valuation, Fresh Del Monte determined that no impairment of goodwill existed as of October 1, 2005. As of December 30, 2005, Fresh Del Monte is not aware of any events or circumstances that would cause it to adjust the recorded value of goodwill for impairment. Potential impairment exists if the fair value of a reporting unit to which goodwill has been allocated is less than the carrying value of the reporting unit. The amount of the impairment to recognize, if any, is calculated as the amount by which the carrying value of the goodwill exceeds its implied value. Future changes in the estimates used to conduct the impairment review, including revenue projections, market values and changes in the discount rate used could cause the analysis to indicate that Fresh Del Monte's goodwill is impaired in subsequent periods and result in a write-off of a portion or all of goodwill. The discount rate used is based on independently calculated risks, Fresh Del Monte's capital mix and an estimated market premium. The assumptions used in estimating revenue projections are consistent with those used for internal planning.

There are numerous uncertainties and inherent risks in conducting business, such as but not limited to general economic conditions, actions of competitors, ability to manage growth, actions of regulatory authorities, pending investigations and/or litigation, customer demand and risk relating to international operations. Adverse effects from these risks may result in adjustments to the carrying value of Fresh Del Monte's assets and liabilities in the future including, but not necessarily limited to, goodwill.

The 2005 fourth quarter impairment review indicated that, when compared to its carrying value, although higher, the fair value of one of Fresh Del Monte's components is highly sensitive to differences between estimated and actual cash flows and changes in the related discount rate used to evaluate the fair value of the component. Fresh Del Monte estimates that a 5% decrease in the expected future cash flows of the component and a one-percentage point increase in the discount rate used would have resulted in an approximate $10.5 million impairment loss related to this component.

Long-Lived Assets Fresh Del Monte reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset exceeds the asset's fair value, Fresh Del Monte measures and records an impairment loss for the excess. An asset's fair value is assessed by either determining the expected future discounted cash flow of the asset or by independent appraisal. Fresh Del Monte's long-lived assets are primarily composed of property, plant and equipment and intangible assets other than goodwill. Intangible assets other than goodwill are composed of both those that are being amortized, including franchise and non-compete agreements, and an indefinite-life intangible of a perpetual, royalty-free brand name license related to the acquisition of Del Monte Foods. See note 4, "Acquisitions." Prior to 2005, amortizable intangible assets also included banana licenses. Such licenses were fully amortized as of December 30, 2005.

Fresh Del Monte recorded charges related to impairment of long-lived assets in both 2005 and 2004. Based on the underutilization of a facility in North America related to the other fresh produce segment and as a result of damages sustained from Hurricane Katrina at the New Orleans distribution center, asset impairment charges of $3.1 million were recorded in 2005. Based on continued operating losses and discontinued product lines in the United Kingdom, the United States and Brazil related to the other fresh produce and banana categories, certain machinery and equipment was written down to its estimated fair value. As a result, a charge of $5.4 million for impairment of long-lived assets was recorded in 2004. Such charges are included under the caption "Asset impairment charges" in the accompanying consolidated statements of income for the years ended December 30, 2005 and December 31, 2004, respectively. The estimated fair value of the related assets was based on either discounted future cash flows or appraisals from independent third parties.

There are numerous uncertainties and inherent risks in conducting business, such as but not limited to general economic conditions, actions of competitors, ability to manage growth, actions of regulatory authorities, pending investigations and/or litigation, customer demand and risk relating to international operations. Adverse effects from these risks may result in adjustments to the carrying value of Fresh Del Monte's assets and liabilities in the future including, but not necessarily limited to, long-lived assets.

The 2005 fourth quarter review of Fresh Del Monte's perpetual, royalty-free brand name license indicated that, when compared to its carrying value, although higher, its fair value is highly sensitive to differences between estimated and actual cash flows and changes in the related discount rate used to evaluate the fair value of this asset. Fresh Del Monte estimates that a 5% decrease in the expected future cash flows of this indefinite-lived intangible asset and a one-percentage point increase in the discount rate used would have resulted in an approximate $12.7 million impairment loss related to this asset.

Revenue Recognition Revenue is recognized on sales of products when the customer receives title to the goods, generally upon delivery and when collectibility is reasonably assured.

Cost of Products Sold Cost of products sold includes the cost of produce, packaging materials, labor, depreciation, overhead, transportation and other distribution costs, including handling costs incurred to deliver fresh produce or prepared products to customers.

Advertising and Promotional Costs Fresh Del Monte expenses advertising and promotional costs as incurred. Advertising and promotional costs, which are included in selling, general and administrative expenses, were $5.7 million, $1.3 million and $1.7 million in 2005, 2004 and 2003, respectively.

Debt Issuance Costs Debt issuance costs relating to long-term debt are amortized over the term of the related debt instrument using the straight-line method as the costs are primarily related to the revolving credit facility and are included in other noncurrent assets. Debt issuance cost amortization, which is included in interest expense, was $0.9 million, $1.0 million and $1.7 million for 2005, 2004 and 2003, respectively.

Income Taxes Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end, based on enacted tax laws and statutory tax rates applicable to the year in which the differences are expected to affect taxable income. Valuation allowances are established when it is deemed more likely than not that future taxable income will not be sufficient to realize income tax benefits. See note 2, "Balance Sheet Restatement."

Fresh Del Monte recorded a $20.6 million net benefit in the 2004 third quarter, primarily due to the reversal of tax contingency accruals net of changes in deferred tax assets for the settlement of a U.S. federal income tax audit for the years 1997 through 2001. See note 13, "Provision for Income Taxes."

Environmental Remediation Liabilities Losses associated with environmental remediation obligations are accrued when such losses are probable and can be reasonably estimated. See note 19, "Litigation."

Currency Translation For Fresh Del Monte's operations in countries that are not highly inflationary and where the functional currency is other than the U.S. dollar, balance sheet amounts are translated using the exchange rate in effect at the balance sheet date. Income statement amounts are translated monthly using the average exchange rate for the respective month. The gains and losses resulting from the changes in exchange rates from year-to-year are recorded as a component of accumulated other comprehensive income or loss as currency translation adjustments.

For Fresh Del Monte's operations where the functional currency is the U.S. dollar or where the operations are located in highly inflationary countries, non-monetary balance sheet amounts are translated at historical exchange rates. Other balance sheet amounts are translated at the exchange rates in effect at the balance sheet date. Income statement accounts, excluding those items of income and expenses that relate to non-monetary assets and liabilities, are translated at the average exchange rate for the month. These remeasurement adjustments are included in the determination of net income under the caption "Other income (expense), net."

Other income (expense), net, in the accompanying consolidated statements of income includes a $2.6 million net loss and $9.3 million and $7.2 million in net gains on foreign exchange for 2005, 2004 and 2003, respectively. These amounts include the effect of foreign currency remeasurement, realized foreign currency transaction gains and losses and changes in the value of foreign currency denominated accounts receivable and accounts payable and related forward contracts.

Other Income (Expense), Net In addition to foreign currency gains and losses, other income (expense), net, also consists of equity in earnings of unconsolidated companies, gains and losses from sales of investments and property, plant and equipment, gains from recoveries under insurance policies and other items of non-operating income and expenses.

Stock-Based Compensation Fresh Del Monte uses the intrinsic value method to account for employee stock options as prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), and discloses information regarding the pro forma effect on net income and earnings per share determined as if Fresh Del Monte had accounted for its employee stock options under the fair value method prescribed by Statement of Financial Accounting Standards No. ("SFAS") 123, "Accounting for Stock-Based Compensation." The fair values of the outstanding options are estimated at the date of grant using the Black-Scholes option valuation model. Although it is a widely-used model for estimating the fair value of stock options issued to employees for the pro forma disclosures required by SFAS 123, the Black-Scholes option valuation model was initially developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable and requires the input of highly subjective assumptions, including the expected volatility of an entity's stock price. Because Fresh Del Monte's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a single measure of the fair value of its employee stock options.

The weighted average fair value of each option granted during 2005, 2004 and 2003 is estimated at $11.26, $9.53 and $7.54, respectively, on the date of grant using the following assumptions in 2005, 2004 and 2003, respectively: dividend yield of 2.68%, 3.30% and 1.80%; expected volatility of 0.485, 0.545 and 0.531; risk free interest rate of 3.87%, 3.61% and 2.35%; and expected lives of two to five years.

For purposes of pro forma disclosures, the estimated fair value of the options is assumed to be amortized to expense over the options' vesting period. The following information shows the effect on net income and earnings per share as if Fresh Del Monte had accounted for stock options issued to employees using the fair value method in 2005, 2004 and 2003 (U.S. dollars in millions, except share and per share data):

	Year ended		
	December 30, 2005	December 31, 2004	December 26, 2003
Reported net income	**$106.6**	$139.2	$226.4
Deduct: Stock-based compensation expense under fair value method, net of related tax effects	**(5.6)**	(0.9)	(3.4)
Net income, pro forma	**$101.0**	$138.3	$223.0
Net income per ordinary share, reported:			
Basic	**$ 1.84**	$ 2.42	$ 4.00
Diluted	**1.84**	2.41	3.95
Net income per ordinary share, pro forma:			
Basic	**$ 1.74**	$ 2.41	$ 3.94
Diluted	**1.74**	2.39	3.89

Because the exercise price of Fresh Del Monte's employee stock options equaled the market price of the underlying stock on the date of grant, no compensation expense was recorded for stock options issued to employees during 2005, 2004 and 2003 in connection with the 1997 Plan and the 1999 Plan. See note 17, "Stock Based Compensation" for more information.

Derivative Financial Instruments Fresh Del Monte recognizes derivative financial instruments as either assets or liabilities on the accompanying consolidated balance sheets at fair value and accounts for those derivative financial instruments designated as hedging instruments depending on the nature of the hedge relationship. A fair value hedge requires that the effective portion of the change in the fair value of a derivative financial instrument be offset against the change in the fair value of the underlying asset, liability, or firm commitment being hedged through earnings. A cash flow hedge requires that the effective portion of the change in the fair value of a derivative instrument be recognized in other comprehensive income, a component of shareholders' equity, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of a derivative financial instrument's change in fair value is immediately recognized in earnings. Terminations of derivative financial instruments designated as hedges are immediately recognized in earnings.

Reclassifications Certain amounts from 2004 and 2003 have been reclassified to conform to the 2005 presentation.

New Accounting Pronouncements In November 2004, the FASB issued SFAS 151, "Inventory Costs—An Amendment of ARB No. 43, Chapter 4." SFAS 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs and spoilage should be expensed as incurred and not included in overhead. Further, SFAS 151 requires that allocation of fixed and production facilities overhead to conversion costs should be based on normal capacity of the production facilities. The provisions of SFAS 151 are effective for inventory costs incurred during fiscal years beginning after June 15, 2005 which, for Fresh Del Monte, is December 31, 2005. Fresh Del Monte does not expect that the adoption of SFAS 151 will have a material impact on its results of operations, financial position or cash flows.

In December 2004, the Financial Accounting Standards Board issued SFAS 123R, "Share Based Payment" ("SFAS 123R"). SFAS 123R is a revision to SFAS 123 and supersedes APB 25 and amends SFAS 95, "Statement of Cash Flows." This statement requires a public entity to expense the cost of employee services received in exchange for an award of equity instruments. This statement also provides guidance on valuing and expensing these awards, as well as disclosure requirements of these equity arrangements. This statement is effective for public companies at the beginning of the first annual period after December 15, 2005 which, for Fresh Del Monte, is December 31, 2005 (the first day of its 2006 fiscal year). Fresh Del Monte will use the modified prospective transition method, which requires that compensation cost be recognized in the financial statements for all awards granted after the date of adoption as well as for existing awards for which the requisite service has not been rendered as of the date of adoption and requires that prior periods not be restated. SFAS 123R also requires an entity to calculate the pool of excess tax benefits available to absorb tax deficiencies recognized subsequent to adopting FAS 123R ("APIC Pool"). Fresh Del Monte is currently evaluating acceptable methods for calculating its APIC Pool but expects that the implementation of this pronouncement will lower 2006 income before income taxes by approximately $4 million.

On March 29, 2005, the Staff of the SEC ("Staff") issued Staff Accounting Bulletin No. 107, "Share-Based Payment" ("SAB 107"). Although not altering any conclusions reached in SFAS 123R, SAB 107 provides the views of the Staff regarding the interaction between SFAS 123R and certain SEC rules and regulations and, among other things, provides the Staff's views regarding the valuation of share-based payment arrangements for public companies. Fresh Del Monte intends to follow the interpretative guidance on share-based payment set forth in SAB 107 during its adoption of SFAS 123R.

In May 2005, the FASB issued SFAS 154, "Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3." SFAS 154 changes the accounting for and reporting of a change in accounting principle by requiring retrospective application of changes in accounting principles to prior periods' financial statements unless impracticable. SFAS 154 is effective for accounting changes made in fiscal years beginning after December 15, 2005. Fresh Del Monte does not expect that the adoption of SFAS 154 will have a material impact on its results of operations, financial position or cash flows.

4. ACQUISITIONS

2004 Acquisitions

Can-Am Trucking/RLN Leasing Acquisition

On August 11, 2004, Fresh Del Monte acquired Can-Am Express, Inc. and RLN Leasing, Inc. (collectively, "Can-Am"), a nationally-recognized refrigerated trucking operation based in Fargo, North Dakota. With an owned fleet of 150 tractors and 200 trailers, and facilities in Fargo, North Dakota; Denton, Texas; and Cincinnati, Ohio, Can-Am provides over-the-road trucking services. Fresh Del Monte's acquisition of Can-Am has enabled Fresh Del Monte to provide comprehensive distribution services to its retail and food-service customers. The total consideration paid in connection with the Can-Am acquisition was $18.8 million.

The acquisition has been accounted for as a purchase and, accordingly, the purchase price was allocated to the fair value of the assets acquired and liabilities assumed. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed amounted to $0.3 million, of which Fresh Del Monte estimates none is tax deductible.

Del Monte Foods Acquisition

On October 1, 2004, Fresh Del Monte acquired Del Monte Foods, including its operations in Europe, Africa and the Middle East. Del Monte Foods is a vertically integrated producer, marketer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts and holds a perpetual, royalty-free license to use the Del Monte® brand for prepared and/or canned food in more than 100 countries throughout Europe, Africa and the Middle East. Del Monte® is the leading brand for canned fruit and pineapple in many Western European markets and is a leading brand in the United Kingdom beverage market. Fresh Del Monte acquired Del Monte Foods for $339.6 million financed through cash on hand and drawings under the Revolving Credit Facility. The purchase price included $24.0 million of assumed debt. The acquisition included $6.9 million of transaction related expenses. See note 14, "Long-Term Debt and Capital Lease Obligations."

The acquisition has been accounted for as a purchase and, accordingly, the purchase price was allocated to the fair value of assets acquired and liabilities assumed. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed amounted to $72.6 million, none of which is tax deductible.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the dates of acquisitions during 2004 (U.S. dollars in millions):

	Can-Am	Del Monte Foods	Total
Current assets	$ 3.8	$194.8	$198.6
Property and equipment	7.5	122.9	130.4
Other noncurrent assets	—	20.5	20.5
Identified intangibles	8.4	81.7	90.1
Current liabilities	(1.2)	(96.3)	(97.5)
Noncurrent liabilities	—	(56.6)	(56.6)
Net assets acquired	18.5	267.0	285.5
Purchase price	18.8	339.6	358.4
Goodwill	$ 0.3	$ 72.6	$ 72.9

Unaudited Pro Forma Disclosures

The following unaudited pro forma information presents a summary of consolidated results of operations for the year ended December 31, 2004 of Fresh Del Monte as if the Can-Am and Del Monte Foods acquisitions had occurred as of December 27, 2003 (U.S. dollars in millions, except share and per share data):

	Year ended December 31, 2004
Net sales	$3,215.0
Net income	$ 113.2
Net income per ordinary share:	
Basic	$ 1.97
Diluted	1.96
Weighted average number of ordinary shares:	
Basic	57,487,131
Diluted	57,803,158

The unaudited pro forma results have been prepared for comparison purposes only and do not purport to represent what the actual results of operations would have been had the above described acquisitions occurred on December 27, 2003 and may not be indicative of future results of operations.

5. INVENTORIES

Inventories consisted of the following (U.S. dollars in millions):

	December 30, 2005	December 31, 2004
Finished goods	**$177.5**	$150.4
Raw materials and packaging supplies	**101.4**	96.6
Growing crops	**109.8**	100.3
Total inventories	**$388.7**	$347.3

6. INVESTMENTS IN UNCONSOLIDATED COMPANIES

Fresh Del Monte utilizes the equity method of accounting for investments in 20% to 50% owned companies and for investments in over 50% owned companies over which Fresh Del Monte does not have control. Investments in unconsolidated companies accounted for under the equity method amounted to $13.5 million and $14.8 million at December 30, 2005 and December 31, 2004, respectively. At December 30, 2005 and December 31, 2004, net amounts receivable from unconsolidated companies amounted to $0.6 million and $0.1 million, respectively.

Investments in unconsolidated companies consisted of the following at December 30, 2005:

Company	Business	Ownership Interest
Melones Del Pacifico, S.A.	Melon production	50%
Melones De Costa Rica, S.A. and Subsidiary	Melon production	50%
Hacienda Filadelfia, S.A.	Melon production	50%
Frutas de Parrita, S.A.	Melon production	50%
Harvest Produce Holdings, LLC, Texas	Potato Repacker	51%
Texas Specialty Produce Investors, LLC, Texas	Supplier of specialty produce and herbs	50%

Effective in the first quarter of 2004, Fresh Del Monte began the full consolidation of the financial position and results of operations of Davao Agricultural Ventures Corporation, a previously unconsolidated 40%-owned investment, as it was determined to be a variable interest entity. See note 7, "Variable Interest Entity."

Purchases from unconsolidated companies were $55.4 million, $54.7 million and $57.6 million for 2005, 2004 and 2003, respectively.

Combined financial data of unconsolidated companies is summarized as follows (U.S. dollars in millions) (unaudited):

	December 30, 2005	December 31, 2004
Current assets	**$12.8**	$16.5
Noncurrent assets	**22.0**	19.7
Current liabilities	**(5.4)**	(5.7)
Noncurrent liabilities	**(2.8)**	(1.1)
Net worth	**$26.6**	$29.4

	Year ended		
	December 30, 2005	December 31, 2004	December 26, 2003
Net sales	**$61.5**	$61.0	$69.8
Gross profit	**$ 1.3**	$ 5.2	$ 8.4
Net income (loss)	**$ (3.9)**	$ (1.5)	$ 1.9

Fresh Del Monte's portion of earnings in unconsolidated companies amounted to a loss of $2.1 million, a loss of $0.1 million and income of $1.7 million in 2005, 2004 and 2003, respectively, and is included in other income (expense), net. Dividends received from unconsolidated subsidiaries amounted to $0.4 million, $0.1 million and $0.5 million in 2005, 2004 and 2003, respectively.

7. VARIABLE INTEREST ENTITY

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities (revised December 2003)" ("FIN 46R"), which requires VIEs to be consolidated by their primary beneficiaries. A primary beneficiary is the party that absorbs a majority of the entity's expected losses or receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity.

Upon adopting FIN 46R in the first quarter of 2004, Fresh Del Monte concluded that its investment in Davao Agriculture Ventures Corporation ("Davco") fit the definition of a VIE pursuant to FIN 46R and began fully consolidating Davco. Davco is a Del Monte gold pineapple producer in the Philippines that sells all of its pineapple to Fresh Del Monte and in which Fresh Del Monte has a 40% equity investment. At December 30, 2005 and December 31, 2004, Davco had approximately $1.2 million and $2.0 million, respectively, in long-term debt that is collateralized by its property, plant and equipment, primarily composed of buildings and machinery, various properties of the 60% majority equity investor and further guaranteed by a $1.1 million standby letter of credit issued by Fresh Del Monte.

Although Fresh Del Monte is the minority owner of Davco, Fresh Del Monte and Davco have profit-sharing arrangements that result in Fresh Del Monte realizing 70% of Davco's profits. Based on the criteria of FIN 46R, Davco is considered to be a VIE and Fresh Del Monte is the primary beneficiary of Davco's expected residual returns. Although Fresh Del Monte is the primary beneficiary, the creditors of Davco do not have recourse against Fresh Del Monte's general credit.

At December 30, 2005, Davco had $6.3 million of current assets, primarily composed of cash and crop inventory, $3.8 million of other assets, primarily composed of buildings and machinery, $1.3 million of payables and accruals, $1.2 million of long-term debt, of which $0.5 million is classified as current, and $7.5 million in minority interest, currency translation losses and other equity which are included in the accompanying consolidated balance sheet at December 30, 2005. At December 31, 2004, Davco had $5.6 million of current assets, $4.3 million of other assets, $0.8 million of payables and accruals, $2.0 million of long-term debt and $7.1 million in minority interest, currency translation losses and other equity which are included in the accompanying consolidated balance sheet at December 31, 2004. For the year ended December 30, 2005, Davco has results from its operations of $8.4 million of net sales, $1.0 million of gross profit and $0.3 million of net income included in the accompanying consolidated statements of income. For the year ended December 31, 2004, Davco has results from its operations of $5.5 million of net sales, $0.7 million of gross profit and $0.2 million of net income included in the accompanying consolidated statements of income.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (U.S. dollars in millions):

	December 30, 2005	December 31, 2004
Land and land improvements	**$ 309.3**	$ 301.1
Buildings and leasehold improvements	**287.7**	291.7
Machinery and equipment	**310.1**	304.7
Maritime equipment (including containers)	**251.4**	252.2
Furniture, fixtures and office equipment	**103.5**	84.9
Automotive equipment	**43.6**	34.7
Construction-in-progress	**56.4**	39.5
	1,362.0	1,308.8
Less: accumulated depreciation and amortization	**(469.0)**	(394.1)
Property, plant and equipment, net	**$ 893.0**	$ 914.7

Depreciation and amortization expense on property, plant and equipment including assets under capital leases, amounted to $81.5 million, $68.5 million and $58.9 million for 2005, 2004 and 2003, respectively.

Buildings, containers, machinery and equipment and automotive equipment under capital leases totaled $68.8 million and $60.1 million at December 30, 2005 and December 31, 2004, respectively. Accumulated amortization for assets under capital leases was $29.7 million and $20.2 million at December 30, 2005 and December 31, 2004, respectively.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table reflects the changes in the carrying amount of goodwill by operating segment for the years ended December 30, 2005 and December 31, 2004 (U.S. dollars in millions):

	Year Ended December 30, 2005			
	Beginning	Acquisitions	Foreign Exchange and Other	Ending
Bananas	**$ 38.9**	**$ —**	**$ —**	**$ 38.9**
Other fresh produce	**140.6**	**—**	**(2.3)**	**138.3**
Prepared food	**71.5**	**0.2**	**(2.1)**	**69.6**
Other products and services	**11.0**	**—**	**(8.5)**	**2.5**
Totals	**$262.0**	**$ 0.2**	**$(12.9)**	**$249.3**

	Year Ended December 31, 2004—As Restated			
	Beginning	Acquisitions	Foreign Exchange and Other	Ending
Bananas	$ 38.9	$ —	$ —	$ 38.9
Other fresh produce	140.8	—	(0.2)	140.6
Prepared food	—	71.9	(0.4)	71.5
Other products and services	2.1	8.7	0.2	11.0
Totals	$ 181.8	$80.6	$ (0.4)	$ 262.0

In the fourth quarter of 2005, Fresh Del Monte determined that certain deferred tax assets and liabilities relating to the revaluation of assets and liabilities from a prior acquisition were not recorded. As a result, Fresh Del Monte has restated its consolidated balance sheet as of December 31, 2004 to properly reflect the resulting deferred tax assets and liabilities, including the related effect on goodwill. See note 2, "Restatement." The effect on goodwill was an increase of $13.3 million, of which $4.5 million relates to the bananas and $8.8 million relates to the other fresh produce. The beginning balances for bananas and other fresh produce in the table above for the year ended December 31, 2004 have been restated from their previously reported amounts of $34.4 million and $132.0 million, respectively, to reflect these changes.

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, effective December 29, 2001, Fresh Del Monte ceased amortizing goodwill but reviews goodwill for impairment on an annual basis or sooner if indicators of impairment arise. During the fourth quarter of 2005, Fresh Del Monte completed the annual impairment review of its goodwill with the assistance of an independent valuation firm. Based on this valuation, Fresh Del Monte determined that no impairment of this asset existed as of October 1, 2005 or 2004. As of December 30, 2005, Fresh Del Monte is not aware of any items or events that would cause it to adjust the recorded value of its goodwill for impairment. Future changes in the estimates used to conduct the impairment review, including revenue projections or market values, could cause the analysis to indicate that Fresh Del Monte's goodwill is impaired in subsequent periods and result in a write-off of a portion or all of goodwill.

During 2005, Fresh Del Monte finalized the valuation of the net assets acquired related to the Can-Am acquisition. See note 4, "Acquisitions." Included in the assets acquired was a lease franchise agreement that entitles Fresh Del Monte to substantial discounts and rebates on future purchases of trucks, trailers and other trucking-related equipment. As a result of the valuation of Can-Am's assets, performed by an independent valuation firm, $8.4 million of the purchase price was allocated to the value of this agreement and was reclassified from the goodwill of other products and services to amortizable intangible assets, included in the table above for the year ended December 30, 2005 under the title "Foreign Exchange and Other." This franchise agreement can be renewed indefinitely for a nominal annual fee. Fresh Del Monte, however, is amortizing its value over an estimated useful life of 15 years on the straight-line basis.

Amortizable intangible assets included in the accompanying consolidated balance sheet in other noncurrent assets as of December 30, 2005 are related to a franchise agreement and non-compete agreements. At December 31, 2004, amortizable intangible assets also included $3.7 million related to banana licenses which were fully amortized during 2005. Amortization expense related to amortizable intangible assets totaled $6.4 million, $6.1 million and $6.8 million for 2005, 2004 and 2003, respectively.

The following table reflects Fresh Del Monte's intangible assets and related accumulated amortization:

	Franchise Agreement	Non-compete Agreements and others	
(U.S. dollars in millions)	**December 30, 2005**	**December 30, 2005**	December 31, 2004
Intangible assets, gross	**$ 8.4**	**$10.2**	$10.2
Accumulated amortization	**(0.8)**	**(6.5)**	(4.6)
Intangible assets, net	**$ 7.6**	**$ 3.7**	$ 5.6

The estimated aggregate amortization expense for the five succeeding fiscal years is as follows (U.S. dollars in millions):

2006	$1.5
2007	1.1
2008	0.7
2009	0.7
2010	0.7

The weighted average amortization periods for amortizable intangibles is 13.5 years for the franchise agreement, two and one-half years for non-compete agreements and other intangibles and five years for all amortizable intangibles.

On October 1, 2004, Fresh Del Monte acquired Del Monte Foods. Del Monte Foods is a vertically integrated producer, marketer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts and holds a perpetual, royalty-free license to use the Del Monte® brand for prepared and/or canned foods in more than 100 countries throughout Europe, Africa and the Middle East. Other noncurrent assets in the accompanying consolidated balance sheets at December 30, 2005 and December 31, 2004 include an indefinite-lived intangible asset of $80.9 million, after currency translation effect, and $81.7 million, respectively, related to this license. This indefinite-lived intangible asset is not being amortized but is reviewed for impairment pursuant to Fresh Del Monte's policy for long-lived assets. See note 3, "Summary of Significant Accounting Policies."

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consisted of the following (U.S. dollars in millions):

	Unrealized Gain (Loss) on Derivatives	Currency Translation Adjustment	Minimum Pension Liability	Total
Balance at December 27, 2002	$ (5.1)	$ (10.6)	$ (1.2)	$(16.9)
Current year net change in other comprehensive income (loss)	(29.7)	0.4	(0.9)	(30.2)
Balance at December 26, 2003	(34.8)	(10.2)	(2.1)	(47.1)
Current year net change in other comprehensive income (loss)	7.9	16.7	(0.4)	24.2
Balance at December 31, 2004	(26.9)	6.5	(2.5)	(22.9)
Current year net change in other comprehensive income (loss)	61.9	(41.6)	(0.5)	19.8
Balance at December 30, 2005	**$35.0**	**$(35.1)**	**$(3.0)**	**$ (3.1)**

11. OTHER INCOME (EXPENSE), NET

In addition to the items of other income and expenses discussed in the accompanying notes to the consolidated financial statements, other income (expense), net, in the accompanying consolidated statements of income for the year ended December 26, 2003 also includes an insurance recovery under Fresh Del Monte's business interruption policy of $11.5 million in the first quarter of 2003 related to damage sustained in 1998 by Fresh Del Monte's Guatemalan banana operations that were damaged as a result of Hurricane Mitch.

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (U.S. dollars in millions):

	December 30, 2005	December 31, 2004
Trade and other payables	**$153.4**	$193.2
Accrued fruit purchases	**39.0**	26.5
Vessel and port operating expenses	**27.3**	14.8
Payroll and employee benefits	**26.2**	24.4
Accrued promotions	**13.9**	14.4
Forward contracts	**—**	30.4
Other accrued expenses	**111.3**	94.6
Accounts payable and accrued expenses	**$371.1**	$398.3

Other accrued expenses is primarily composed of accruals for inland freight costs incurred, purchases received but not invoiced and other accruals, none of which individually exceeds 5% of current liabilities.

13. PROVISION FOR INCOME TAXES

The (benefit from) provision for income taxes consisted of the following (U.S. dollars in millions):

	Year ended		
	December 30, 2005	December 31, 2004	December 26, 2003
Current:			
U.S. federal income tax	**$(0.5)**	$(34.5)	$ 6.6
State	**0.2**	(1.1)	1.1
Non-U.S.	**(0.8)**	5.3	9.6
	(1.1)	(30.3)	17.3
Deferred:			
U.S. federal income tax	**(6.3)**	13.5	—
State	**(0.7)**	2.5	—
Non-U.S.	**(0.2)**	2.1	(1.4)
	(7.2)	18.1	(1.4)
(Benefit from) provision for income taxes	**$(8.3)**	$(12.2)	$15.9

The current tax benefit in the year ended December 31, 2004 includes a $20.6 million net benefit recorded in the 2004 third quarter, primarily due to the reversal of tax contingency accruals net of changes in deferred tax assets for the settlement of a U.S. federal income tax audit for the years 1997 through 2001.

Total income tax payments during 2005, 2004 and 2003 were $3.0 million, $7.9 million and $17.3 million, respectively.

Income before income taxes consisted of the following (U.S. dollars in millions):

	Year ended		
	December 30, 2005	December 31, 2004	December 26, 2003
United States	**$ (35.2)**	$ 2.5	$ 17.0
Non-U.S.	**133.5**	124.5	225.3
	$ 98.3	$127.0	$242.3

The differences between the reported (benefit from) provision for income taxes and income taxes computed at the U.S. statutory federal income tax rate are explained in the following reconciliation (U.S. dollars in millions):

	Year ended		
	December 30, 2005	December 31, 2004	December 26, 2003
Income tax provision computed at U.S.statutory federal rate	**$ 34.4**	$ 44.4	$ 84.8
Effect of tax rates on non-U.S. operations	**(102.6)**	(87.3)	(65.8)
Provision for (reversal of) accruals for tax contingencies	**(3.1)**	(16.9)	1.0
Net operating losses utilized in settlement of U.S. federal income tax audit	**—**	10.0	—
Non-taxable differences	**(6.2)**	(4.4)	(1.3)
Increase (decrease) in valuation allowance	**72.2**	42.4	(5.4)
Other	**(3.0)**	(0.4)	2.6
Reported (benefit from) provision for income taxes	**$ (8.3)**	$(12.2)	$ 15.9

Deferred income tax assets and liabilities consisted of the following (U.S. dollars in millions):

	December 30, 2005	December 31, 2004
Deferred tax liabilities:		As Restated
Current:		
Inventories	**$ (16.1)**	$ (14.1)
Total current deferred tax liabilities	**(16.1)**	(14.1)
Noncurrent:		
Depreciation	**(62.8)**	(67.6)
Equity in earnings in unconsolidated companies	**(3.1)**	(3.9)
Total noncurrent deferred tax liabilities	**(65.9)**	(71.5)
Total deferred tax liabilities	**(82.0)**	(85.6)
Deferred tax assets:		
Current:		
Allowances and other accrued liabilities	**6.5**	4.7
Valuation allowance	**—**	(0.9)
Total current deferred tax assets, net	**6.5**	3.8
Noncurrent:		
Pension liability	**16.9**	17.6
Postretirement benefits other than pensions	**9.1**	7.9
Net operating loss carryforwards	**161.8**	119.9
Capital loss carryforward	**28.3**	—
Other, net	**19.8**	18.0
Total noncurrent deferred tax assets	**235.9**	163.4
Valuation allowance	**(197.9)**	(124.8)
Total noncurrent deferred tax assets, net	**38.0**	38.6
Total deferred tax assets	**44.5**	42.4
Deferred tax liability, net	**$ (37.5)**	$ (43.2)

As part of preparing for the upcoming internal control compliance deadline in 2006, Fresh Del Monte performed a comprehensive review of its deferred income tax reporting processes which culminated in the fourth quarter of 2005. In performing this review, Fresh Del Monte determined that certain deferred tax assets and liabilities relating to the revaluation of assets and liabilities from a prior acquisition were not recorded. As a result, Fresh Del Monte has restated its consolidated balance sheet as of December 31, 2004 to properly reflect the resulting deferred tax assets and liabilities. See note 2, "Balance Sheet Restatement." This had the effect of increasing the previously reported amounts of noncurrent deferred tax liabilities by $18.5 million and of noncurrent deferred tax assets by $5.2 million at December 31, 2004.

The valuation allowance established with respect to the deferred tax assets relates primarily to the Kunia Well Site accrual and net operating loss carryforwards in tax jurisdictions where, due to Fresh Del Monte's current and foreseeable operations, it is deemed more likely than not, future taxable income will not be sufficient to realize the related income tax benefits. During 2005 and 2004, the valuation allowance increased by $72.2 million and $94.5 million, respectively. The increase in the valuation allowance in 2005 relates primarily to valuation allowances on portions of net operating loss carryforwards generated during the year and a capital loss carryforward. The increase in the valuation allowance in 2004 includes $42.8 million as a result of the acquisition of Del Monte Foods. As part of the acquisition, Fresh Del Monte acquired a significant amount of future possible income tax benefits, primarily composed of net operating loss carryforwards. As of December 30, 2005, $34.7 million of the valuation allowance for deferred tax assets relates to acquired net operating loss carryforwards of Del Monte Foods. The majority of the amounts of and benefits from net operating losses carried forward, from Del Monte Foods, may be impacted and/or limited in certain circumstances. The majority of these impaired and/or limited losses relate to the United Kingdom. Events which may cause limitations in the amounts of net operating losses that Del Monte Foods may utilize in any one year include, but are not limited to, a deemed change in operation and/or ownership. Future reduction of this valuation allowance as the result of the recognition of these acquired income tax benefits by Fresh Del Monte, if any, would be allocated to reduce the related goodwill created in the acquisition of Del Monte Foods.

Except for earnings that are currently distributed, no additional provision has been made for U.S. or non-U.S. income taxes on the undistributed earnings of subsidiaries or for unrecognized deferred tax liabilities for temporary differences related to basis differences in investments in subsidiaries, as such earnings are expected to be permanently reinvested, the investments are essentially permanent in duration, or Fresh Del Monte has concluded that no additional tax liability will arise as a result of the distribution of such earnings. A liability could arise if amounts are distributed by such subsidiaries or if such subsidiaries are ultimately disposed. It is not practicable to estimate the additional income taxes related to permanently reinvested earnings or the basis differences related to investments in subsidiaries.

In addition to the effects of the net operating loss carryforwards described above, we recorded a $7.4 million net deferred tax liability as a result of the Del Monte Foods acquisition. The net deferred tax liability is comprised of deferred tax assets and liabilities due to differences between assigned values and tax bases of assets acquired and liabilities assumed. These differences primarily related to higher assigned book values of property, plant and equipment in the acquisition than their corresponding carrying values for tax purposes and accrued pension liabilities assumed in the acquisition, which are not deductible for tax purposes until paid. The net deferred tax liability was recorded with a corresponding increase to goodwill.

At December 30, 2005, Fresh Del Monte had approximately $578.5 million of tax operating loss carryforwards expiring as follows (U.S. dollars in millions):

Expires	Amount
2006	$ 0.5
2007	4.7
2008	7.5
2009 and beyond	91.0
No expiration	474.8
Total net operating loss carryforwards	**$578.5**

At December 30, 2005, Fresh Del Monte had $15.9 million of additional net operating loss carryforwards for U.S. tax purposes resulting from stock option exercises in 2004 and 2005 which have expiration dates beginning in 2023.

During 2004, Fresh Del Monte recognized tax benefits related to the exercise of employee stock options in prior years in the amount of $5.2 million. These benefits were recorded as increases to additional paid-in capital.

Fresh Del Monte is currently undergoing tax audits in several jurisdictions for certain years prior to 2002. The accruals for the audits are included in other noncurrent liabilities in the accompanying balance sheets at December 30, 2005 and December 31, 2004. Fresh Del Monte believes the amounts accrued as of December 30, 2005 are sufficient to cover the estimated costs to resolve these tax assessments. The amounts accrued represent Fresh Del Monte's best estimates. Actual amounts may be different which may result in an additional accrual or reversal of amounts previously accrued. At December 30, 2005 and December 31, 2004, there was $12.2 million and $15.3 million, respectively, included in other noncurrent liabilities in the accompanying consolidated balance sheets related to tax contingency accruals.

14. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

The following is a summary of long-term debt and capital lease obligations (U.S. dollars in millions):

	December 30, 2005	December 31, 2004
$600.0 million five-year syndicated bank loan (see Revolving Credit Facility below) due November 2009	**$ 330.1**	$322.7
Term note bearing interest at LIBOR plus 1.25%, set quarterly (5.08% at December 30, 2005), payable in quarterly installments of principal and interest maturing from January 2003 to March 2006, secured by a mortgage on one of Fresh Del Monte's vessels	**0.3**	1.3
Term notes bearing interest at 7.14%, payable in quarterly installments of principal and interest maturing January 2005, secured by mortgages on two of Fresh Del Monte's vessels	**—**	6.9
Various other notes payable	**8.2**	8.4
Capital lease obligations	**22.2**	24.2
Total long-term debt and capital lease obligations	**360.8**	363.5
Less: Current portion	**(11.7)**	(15.8)
Long-term debt and capital lease obligations	**$ 349.1**	$347.7

Revolving Credit Facility On March 21, 2003, Fresh Del Monte, and certain wholly-owned subsidiaries entered into a $400.0 million, four-year syndicated revolving credit facility ("Revolving Credit Facility"), with Rabobank Nederland, New York Branch, as administrative agent. On November 9, 2004, the Revolving Credit Facility was amended to increase the total commitment to $600.0 million, to add a term loan commitment of up to $400.0 million, to extend its maturity to November 10, 2009 and to increase the letter of credit facility to $100.0 million.

The Revolving Credit Facility is collateralized directly or indirectly by substantially all of Fresh Del Monte's assets and is guaranteed by certain of Fresh Del Monte's subsidiaries. The Revolving Credit Facility permits borrowings with an interest rate, determined by Fresh Del Monte's leverage ratio, based on a spread over London Interbank Offer Rate ("LIBOR") (5.37% at December 30, 2005). At December 30, 2005 and December 31, 2004, $330.1 million and $322.7 million, respectively, were outstanding under the Revolving Credit Facility.

The Revolving Credit Facility requires Fresh Del Monte to be in compliance with various financial and other covenants and limits the amount of future dividends. As of December 30, 2005, Fresh Del Monte was in compliance with all of the financial and other covenants contained in the Revolving Credit Facility.

At December 30, 2005 and December 31, 2004, Fresh Del Monte had $243.8 million and $247.4 million, respectively, available under committed working capital facilities, primarily all of which is represented by the Revolving Credit Facility. The Revolving Credit Facility also includes a swing-line facility and a letter of credit facility. At December 30, 2005 and December 31, 2004, Fresh Del Monte applied $27.9 million and $29.9 million, respectively, to the letter of credit facility, primarily related to Del Monte Foods , which requires Fresh Del Monte to guarantee certain contingent obligations under the purchase agreement.

Maturities of long-term debt and capital lease obligations during the next five years are (U.S. dollars in millions):

	Long-Term Debt	Capital Leases	Totals
2006	$ 2.0	$ 10.7	$ 12.7
2007	1.8	5.9	7.7
2008	1.6	3.8	5.4
2009	331.5	3.0	334.5
2010	1.4	0.5	1.9
Thereafter	0.3	0.1	0.4
	338.6	24.0	362.6
Less: Representing interest	—	(1.8)	(1.8)
	338.6	22.2	360.8
Less: Current portion	(2.0)	(9.7)	(11.7)
Totals, net of current portion	**$336.6**	**$12.5**	**$349.1**

Cash payments of interest on long-term debt, net of amounts capitalized, were $14.9 million, $4.2 million and $4.4 million for 2005, 2004 and 2003, respectively.

15. NET INCOME PER ORDINARY SHARE

Basic and diluted net income per ordinary share is calculated as follows (U.S. dollars in millions, except share and per share data):

	Year ended		
	December 30, 2005	December 31, 2004	December 26, 2003
Numerator:			
Net income	**$106.6**	$139.2	$226.4
Denominator:			
Weighted average number of ordinary shares—Basic	**57,926,466**	57,487,131	56,539,691
Effect of dilutive securities—employee stock options	**150,816**	316,027	806,686
Weighted average number of ordinary shares—Diluted	**58,077,282**	57,803,158	57,346,377
Net Income per ordinary share:			
Basic	**$ 1.84**	$ 2.42	$ 4.00
Diluted	**1.84**	2.41	3.95

Because there was a net loss in the fourth quarter of 2005, the calculation of diluted earnings per share is anti-dilutive and, therefore, in the fourth quarter of 2005, basic and diluted net loss per share are equal. There were no antidilutive options for any part of 2004 and 2003.

16. RETIREMENT AND OTHER EMPLOYEE BENEFITS

U.S. Based Defined Benefit Pension Plans Fresh Del Monte sponsors two non-contributory defined benefit pension plans, which cover a portion of its U.S. based employees. These plans provide benefits based on the employees' years of service and qualifying compensation. Fresh Del Monte's funding policy for these plans is to contribute amounts sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended, or such additional amounts as determined appropriate to assure that assets of the plans would be adequate to provide benefits. Substantially all of the plans' assets are invested in fixed income and equity funds.

Fresh Del Monte's pension plan weighted average asset allocation by asset category based on fair value, is as follows:

	December 30, 2005	December 31, 2004
Equity securities	**64%**	63%
Debt securities	**33%**	35%
Cash and cash equivalents	**3%**	2%

The target asset allocation, according to the plan's investment policy, is 40%–65% for equity securities, 20%-55% for debt securities and 0%-45% for other investments. Performance benchmarks for each asset class are as follows: S&P 500 for equities, the regional MSCI index for international equities, and the Merrill Lynch Intermediate Government/Corporate Index for fixed income securities. Investment performance is evaluated annually. The actual returns on plan assets for 2005 and 2004 were 3.3% and 9.0%, respectively.

Within the equity portfolio, investments are diversified among capitalization and style. Up to 25% of the equity portfolio may be invested in financial markets outside of the United States. In order to minimize equity risk, limitations are placed on the overall amount that can be invested in one stock. No more than 5% of the fund at cost may be invested in any one stock and no more than 20% may be invested in any one industry. In addition, investments shall not exceed more than 1% of Fresh Del Monte's outstanding stock. No more than 10% of the portfolio may be invested in one debt issue. These limits do not apply to issues of governmental agencies. Debt securities must have a minimum credit rating of Baa or above with an overall portfolio average quality of A.

Fresh Del Monte funds all pension plans in amounts consistent with applicable laws and regulations. Fresh Del Monte expects to contribute approximately $1.9 million to its pension plans in 2006. Benefit payments under the pension plans over the next 10 years are expected to total $10.6 million and average approximately $1.0 million per year. The accumulated benefit obligation for the defined benefit pension plans was $19.4 million and $18.3 million at December 30, 2005 and December 31, 2004, respectively.

The assumptions used in the calculation of the actuarial present value of the projected benefit obligation and expected long-term return on plan assets for Fresh Del Monte's defined benefit pension plans consisted of the following:

	December 30, 2005	December 31, 2004
Weighted average discount rate	**5.50%–5.75%**	5.00%–5.75%
Rate of increase in compensation levels	**3.50%**	3.50%
Expected long-term return on assets	**7.50%**	7.50%

As a result of the decline in value of plan assets and lower interest rates utilized in discounting liabilities, Fresh Del Monte recorded, in accordance with SFAS 87, "Employers' Accounting for Pensions," an additional minimum pension liability as "Retirement benefits" in the accompanying consolidated balance sheets at December 30, 2005 and December 31, 2004, which resulted in a charge directly to shareholders' equity of $1.0 million in 2005 and $0.4 million in 2004.

U.S. Based Postretirement Healthcare Plan Fresh Del Monte provides contributory healthcare benefits to its U.S. retirees and their dependents. Fresh Del Monte has recorded a liability equal to the unfunded accumulated benefit obligation as required by the provisions of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions" ("SFAS No. 106"). SFAS No. 106 requires that the cost of these benefits, which are primarily for health care and life insurance, be recognized in the financial statements throughout the employees' active working careers. Fresh Del Monte funds claims under the plan as they are incurred, and accordingly, the plan has no assets.

On November 21, 2003 Fresh Del Monte announced to all eligible employees that it had suspended the postretirement medical program for employees retiring on or after January 1, 2004. The plan would continue for employees currently participating in the plan or those who retired prior to January 1, 2004 and had 15 years of service and were above the age of 60. As a result of this change in the postretiree benefits medical plan, Fresh Del Monte recognized a curtailment gain of $4.5 million in 2003. Of the total gain, $2.9 million was recorded as a reduction of selling, general and administrative expenses and $1.6 million as a reduction of cost of products sold.

In May 2004, the FASB issued SFAS 106-2, providing final guidance on accounting for the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act"). Fresh Del Monte adopted the provisions of FAS 106-2 during the year ended December 31, 2004 and recognized the effects of the federal subsidy provided by the Act in measuring its net periodic postretirement benefit cost for the year. This resulted in a reduction in Fresh Del Monte's accumulated postretirement benefit obligation for the subsidy related to benefits attributable to past service of $1.4 million. There was an immaterial effect on net periodic postretirement benefit cost as the result of the Act because Fresh Del Monte suspended its postretirement medical program for employees not retired by January 1, 2004. Fresh Del Monte expects to receive subsidy payments beginning in the 2006 fiscal year.

Benefit payments under the other postretirement benefit plan over the next 10 years are expected to total $11.8 million and average approximately $1.1 million per year.

The weighted average discount rate used in determining the accumulated benefit obligation for postretirement pension benefit obligation was 5.50% and 5.75% at December 30, 2005 and December 31, 2004, respectively. For measuring the liability as of December 30, 2005, a 9.00% and 10.25% annual rate of increase in pre-Medicare and post-Medicare real medical inflation, respectively, was assumed. This annual inflation rate was assumed to be declining gradually to 5.0% by the year 2013 for both pre-Medicare and post-Medicare.

The cost trend rate assumption has a significant impact on the amounts reported. For example, increasing the cost trend rate 1% each year would increase the accumulated postretirement benefit obligation by $2.7 million as of December 30, 2005 and the total of service cost plus interest cost by $0.2 million for 2005. In addition, decreasing the trend rate by 1% would decrease the accumulated postretirement benefit obligation by $2.3 million as of December 30, 2005 and the total of the service cost plus interest cost by $0.2 million for 2005.

The following table sets forth a reconciliation of benefit obligations, plan assets and funded status for Fresh Del Monte's U.S. based defined benefit pension plans and post retirement pension plan as of November 30, 2005 and December 31, 2004, which are also their measurement dates. There was an immaterial impact on the funded status of these plans by the use of a November 30, 2005 measurement date (U.S. dollars in millions):

	Pension Plans		Postretirement Plan	
	November 30, 2005	December 31, 2004	**November 30, 2005**	December 31, 2004
Change in Benefit Obligation:				
Beginning benefit obligation	**$19.9**	$18.7	**$ 18.5**	$ 18.8
Service cost	**0.5**	0.4	**0.1**	0.1
Interest cost	**1.1**	1.1	**1.1**	1.2
Actuarial (gain) loss	**(0.2)**	0.4	**0.8**	(1.0)
Benefits paid	**(0.8)**	(0.8)	**(0.2)**	(0.6)
Amendments and other	**(0.3)**	0.1	**—**	—
Ending benefit obligation	**20.2**	19.9	**20.3**	18.5
Change in Plan Assets:				
Beginning fair value	**12.0**	11.5	**—**	—
Actual return on plan assets	**0.3**	1.0	**—**	—
Company and employee contributions	**0.5**	0.3	**0.2**	0.6
Benefits paid	**(0.8)**	(0.8)	**(0.2)**	(0.6)
Ending fair value	**12.0**	12.0	**—**	—
Reconciliation of Accruals:				
Funded status	**(8.2)**	(7.9)	**(20.3)**	(18.5)
Unrecognized (gain) loss	**4.3**	4.1	**(0.2)**	(1.0)
Additional minimum liability	**(3.5)**	(2.5)	**—**	—
Accrued benefit costs	**$ (7.4)**	$ (6.3)	**$(20.5)**	$(19.5)

The following table sets forth the net periodic pension cost of Fresh Del Monte's defined benefit pension plans for 2005, 2004 and 2003 (U.S. dollars in millions):

	Pension Plans			Postretirement Plan		
	Year Ended			Year Ended		
	December 30, 2005	December 31, 2004	December 26, 2003	**December 30, 2005**	December 31, 2004	December 26, 2003
Service cost	**$ 0.5**	$ 0.4	$ 0.4	**$ 0.1**	$ 0.1	$ 1.0
Interest cost	**1.1**	1.1	1.1	**1.1**	1.2	1.6
Curtailment gain	**—**	—	—	**—**	—	(4.5)
Expected return on assets	**(0.9)**	(0.9)	(1.0)	**—**	—	—
Net amortization	**0.1**	0.1	—	**—**	—	0.1
Net periodic costs	**$ 0.8**	$ 0.7	$ 0.5	**$ 1.2**	$ 1.3	$(1.8)

Del Monte Foods Fresh Del Monte acquired Del Monte Foods on October 1, 2004. Del Monte Foods sponsors a contributory defined benefit pension plan, which covers a portion of its employees in the United Kingdom ("UK plan"). The UK plan provides benefits based on the employees' years of service and qualifying compensation. Upon acquisition of Del Monte Foods, Fresh Del Monte assumed the obligations and acquired the assets of the UK plan. Fresh Del Monte's funding policy for the UK plan is to contribute amounts sufficient to meet the minimum funding requirements of occupational trust-based arrangements of the United Kingdom or such additional amounts as determined appropriate to assure that assets of the UK plan would be adequate to provide benefits. Substantially all of the UK plan's assets are invested in fixed income and equity funds. The UK plan is accounted for pursuant to SFAS 87.

The weighted average asset allocation of the UK plan by asset category based on fair value is as follows:

	December 30, 2005	December 31, 2004
Equity securities	**80%**	80%
Fixed income securities	**20%**	20%

The above allocation is consistent with the target allocation of the UK plan, according to the plan's investment policy. Approximately 40% of the UK plan's assets are invested in equity securities of companies of the United Kingdom and 40% are invested in other international equities, including 16% in European companies outside of the United Kingdom, 12% in companies in the United States and 12% in Japanese and Pacific Rim companies. These assets are managed by Fidelity Pensions Management and Newton Investment Management in the United Kingdom. Fund managers have no discretion to make asset allocation decisions, but are required to rebalance the portfolios back to the above benchmarks. Performance benchmarks for each asset class are based on various Financial Times Stock Exchange indices. Investment performance is evaluated annually. The actual return on plan assets for the UK plan years ended December 30, 2005 and December 31, 2004 was 21.4% and 25.6%, respectively. The remaining 20% of the UK plan's assets are invested in high-grade, fixed-income securities with maturities of up to 15 years.

Fresh Del Monte expects to contribute approximately $0.7 million to the UK plan in 2006, estimated using the British pound sterling to U.S. dollar exchange rate as of December 30, 2005. Benefit payments under the UK plan over the next 10 years are expected to total $17.5 million and range ratably between $1.3 million in 2006 and $1.8 million in 2015.

The accumulated benefit obligation for the UK plan was $59.9 million and $57.9 million at December 30, 2005 and December 31, 2004, respectively. The assumptions used in the calculation of the actuarial present value of the projected benefit obligation, the net periodic pension cost and expected long-term return on plan assets for the UK plan consisted of the following:

	December 30, 2005	December 31, 2004
Weighted average discount rate	**5.00%**	5.60%
Rate of increase in compensation levels	**2.75%**	4.00%
Expected long-term return on assets	**6.75%**	7.50%

The following table sets forth a reconciliation of benefit obligation, plan assets and funded status for the UK plan as of November 30, 2005 and from the acquisition date through December 31, 2004, which are also the measurement dates. There was an immaterial impact on the funded status of this plan by the use of a November 30, 2005 measurement date (U.S. dollars in millions):

	November 30, 2005	December 31, 2004
Change in Benefit Obligation:		
Beginning benefit obligation	**$ 64.2**	$ —
Benefit obligation assumed	**—**	63.1
Service cost	**1.9**	0.6
Interest cost	**3.3**	0.9
Actuarial gain	**(0.3)**	—
Benefits paid	**(2.2)**	(0.4)
Exchange rate changes	**(7.0)**	—
Ending benefit obligation	**59.9**	64.2
Change in Plan Assets:		
Beginning fair value	**29.8**	—
Plan assets acquired	**—**	29.1
Actual return on plan assets	**6.6**	0.6
Company and employee contributions	**1.1**	0.5
Benefits paid	**(2.2)**	(0.4)
Exchange rate changes	**(3.5)**	—
Ending fair value	**31.8**	29.8
Reconciliation of Accruals:		
Funded status	**(28.1)**	(34.4)
Unrecognized gain	**(4.5)**	—
Accrued benefit costs	**$(32.6)**	$(34.4)

The following table sets forth the net periodic pension cost of the UK plan for 2005 and 2004 since acquisition of Del Monte Foods (U.S. dollars in millions):

	Year Ended	
	December 30, 2005	December 31, 2004
Service cost	**$ 1.9**	$ 0.6
Interest cost	**3.3**	0.9
Expected return on assets	**(2.1)**	(0.7)
Net periodic costs	**$ 3.1**	$ 0.8

Other Employee Benefits Fresh Del Monte also sponsors a defined contribution plan established pursuant to Section 401(k) of the Internal Revenue Code. Subject to certain dollar limits, employees may contribute a percentage of their salaries to the plan, and Fresh Del Monte will match a portion of each employee's contribution. This plan is in effect for U.S. based employees only. The expense pertaining to this plan was $0.8 million, $0.7 million, and $0.6 million for 2005, 2004 and 2003, respectively.

Fresh Del Monte provides retirement benefits to substantially all employees who are not U.S. based. Generally, benefits under these programs are based on an employee's length of service and level of compensation. The majority of these programs are commonly referred to as termination indemnities, which provide retirement benefits in accordance with programs mandated by the governments of the countries in which such employees work. The expense pertaining to these programs was $3.8 million, $4.3 million and $3.4 million for 2005, 2004 and 2003, respectively.

Funding generally occurs when employees cease active service. The most significant of these programs pertains to one of Fresh Del Monte's subsidiaries in Central America for which a liability of $11.4 million and $11.1 million was recorded at December 30, 2005 and December 31, 2004, respectively. Expenses for this program for 2005, 2004 and 2003 amounted to $1.5 million, $2.0 million and $1.9 million, respectively, including service cost earned of $0.9 million, $1.2 million and $0.9 million, and interest cost of $0.6 million, $0.8 million and $0.9 million, respectively.

As of August 31, 1997, a subsidiary of Fresh Del Monte ceased accruing benefits under its salary continuation plan covering all Central American management personnel. At December 30, 2005 and December 31, 2004, Fresh Del Monte had $8.5 million and $8.6 million, respectively, accrued for this plan.

17. STOCK BASED COMPENSATION

Effective upon the completion of its initial public offering in October 1997, Fresh Del Monte established a share option plan pursuant to which options to purchase ordinary shares may be granted to certain directors, officers and key employees of Fresh Del Monte chosen by the Board of Directors (the "1997 Plan"). Under the 1997 Plan, the Board of Directors is authorized to grant options to purchase an aggregate of 2,380,030 ordinary shares. Under this plan, options have been granted to directors, officers and other key employees to purchase ordinary shares of Fresh Del Monte at the fair market value of the ordinary shares at the date of grant.

On May 11, 1999, Fresh Del Monte's shareholders approved and ratified the 1999 Share Incentive Plan (the "1999 Plan"). Under the 1999 Plan, as amended on May 1, 2002, the Board of Directors is authorized to grant options to purchase an aggregate of 4,000,000 ordinary shares. Under this plan, options have been granted to directors, officers and other key employees to purchase ordinary shares of Fresh Del Monte at the fair market value of the ordinary shares at the date of grant.

Under the plans, 20% of the options usually vest immediately, and the remaining options vest in equal installments over the next four years and may be exercised over a period not in excess of ten years.

A summary of Fresh Del Monte's stock option activity and related information is as follows:

	Number of Shares	Weighted Average Exercise Price
Options outstanding at December 27, 2002	1,762,618	$ 10.29
Granted	500,000	19.76
Exercised	(1,076,506)	11.18
Canceled	(23,000)	18.85
Options outstanding at December 26, 2003	1,163,112	13.37
Granted	211,000	24.29
Exercised	(407,556)	10.74
Canceled	(76,000)	20.14
Options outstanding at December 31, 2004	890,556	16.55
Granted	1,573,500	29.90
Exercised	(323,106)	11.18
Canceled	(161,000)	27.73
Options outstanding at December 30, 2005	**1,979,950**	**$27.12**
Exercisable at December 26, 2003	361,500	$ 13.70
Exercisable at December 31, 2004	289,950	$ 16.57
Exercisable at December 30, 2005	**594,550**	**$24.39**

Exercise Price	Outstanding	Remaining Contractual Life	Exercisable
$ 5.95	41,750	5.3 Years	41,750
8.38	12,000	3.8 Years	12,000
9.28	8,000	3.8 Years	8,000
14.22	20,000	3.0 Years	20,000
15.69	15,000	3.2 Years	15,000
19.76	198,700	7.1 Years	58,700
22.01	60,000	6.9 Years	48,000
23.82	161,000	8.3 Years	64,400
25.83	20,000	8.1 Years	8,000
29.84	1,406,000	9.3 Years	281,200
$32.28	37,500	9.1 Years	37,500
Total options outstanding/exercisable	**1,979,950**		**594,550**

18. COMMITMENTS AND CONTINGENCIES

Fresh Del Monte leases agricultural land and certain property, plant and equipment, including office facilities and vessels, under operating leases. The aggregate minimum rental payments under all operating leases with initial terms of one year or more at December 30, 2005 are as follows (U.S. dollars in millions):

Year	Amount
2006	$ 22.4
2007	19.5
2008	16.4
2009	13.7
2010	10.8
Thereafter	32.7
Total lease commitments	**$115.5**

Total rent expense for all operating leases, including leases with initial terms of less than one year, amounted to $41.2 million, $42.3 million and $29.6 million for 2005, 2004 and 2003, respectively.

Fresh Del Monte also has agreements to purchase substantially all of the production of certain independent growers in Costa Rica, Guatemala, Ecuador, Cameroon, Colombia, Chile, Brazil, South Africa and the Philippines. Total purchases under these agreements amounted to $585.9 million, $571.4 million and $505.6 million for 2005, 2004 and 2003, respectively. Purchases under these agreements in 2006 are not expected to be significantly more than in 2005.

At year-end 2005, Fresh Del Monte employed a total of approximately 37,000 persons worldwide, substantially all of whom are year-round employees. Approximately 84% of these persons are employed in production locations, of which the majority, are unionized.

19. LITIGATION

DBCP Litigation

Beginning in December 1993, certain of Fresh Del Monte's U.S. subsidiaries were named among the defendants in a number of actions in courts in Texas, Louisiana, Hawaii, California and the Philippines involving allegations by numerous foreign plaintiffs that they were injured as a result of exposure to a nematocide containing the chemical dibromochloropropane ("DBCP") during the period from 1965 to 1990.

On February 16, 1999, two of Fresh Del Monte's U.S. subsidiaries were served in the Philippines in an action entitled *Davao Banana Plantation Workers' Association of Tiburcia, Inc. v. Shell Oil Co., et al.* The action was brought by the Banana Workers' Association (the "Association") on behalf of its 34,852 members for injuries they allege to have incurred as a result of DBCP exposure. Approximately 13,000 members of the Association claim employment on a farm that was under contract to one of Fresh Del Monte's subsidiaries at the time of the alleged DBCP use. Fresh Del Monte's subsidiaries filed motions to dismiss and for reconsideration on jurisdictional grounds, which were denied. Accordingly, Fresh Del Monte's subsidiaries answered the complaint denying all of the plaintiff's allegations. Fresh Del Monte's subsidiaries believe substantial defenses exist to the claims asserted by the Association. On October 3, 2002, the Philippine Court of Appeals ruled that the method of service used by the Association to serve the defendants was improper and dismissed the Association's complaint. As a result of this decision, the trial court suspended the proceedings indefinitely. In 2002, the Association filed a motion for reconsideration of the dismissal of its complaint, which remains pending.

In 1997, plaintiffs from Costa Rica and Guatemala named certain of Fresh Del Monte's U.S. subsidiaries in a class action in Hawaii. The action was dismissed by a federal district court on grounds of *forum non conveniens* in favor of the courts of the plaintiffs' home countries and the plaintiffs appealed this decision. As a result of the dismissal of the Hawaiian action, several Costa Rican and Guatemalan individuals filed the same type of actions in those countries. The Guatemalan action was dismissed for plaintiff's failure to prosecute the action. On April 22, 2003, the plaintiffs' appeal of the dismissal was affirmed by the Supreme Court of the United States, thereby remanding the action to the Hawaiian State Court. The plaintiffs have taken no further action.

On June 19, 1995, a group of several thousand plaintiffs in an action entitled *Lucas Pastor Canales Martinez, et al. v. Dow Chemical Co. et al.* sued one of Fresh Del Monte's U.S. subsidiaries along with several other defendants in the District Court for the Parish of St. Charles, Louisiana, asserting injuries due to the alleged exposure to DBCP. The Fresh Del Monte subsidiary answered the complaint and asserted substantial defenses, eventually settling with all but 13 of the *Canales Martinez* plaintiffs in federal court. On October 25, 2001, defendants filed a motion to dismiss the action on grounds of *forum non conveniens* in favor of plaintiffs' home countries. On July 16, 2002, the district court denied that motion and the defendants filed a motion requesting immediate review by the Court of Appeals, which was denied by the district court on August 21, 2002. On August 28, 2002, defendants filed a petition for a *writ of mandamus* before the Court of Appeals with respect to the district court's denial of defendants' motion to dismiss the action on grounds of *forum non conveniens*. As a result of the Supreme Court's decision in the Hawaiian action, the district court remanded these actions to state court in Louisiana. The plaintiffs have taken no further action.

On November 15, 1999, one of Fresh Del Monte's subsidiaries was served in two actions entitled, *Godoy Rodriguez, et al. v. AMVAC Chemical Corp., et al.* and *Martinez Puerto, et al. v. AMVAC Chemical Corp., et al.*, in the 29th Judicial District Court for the Parish of St. Charles, Louisiana. These actions were removed to federal court, where they have been consolidated. As a result of the Supreme Court's decision in the Hawaiian action, the district court remanded these actions to state court in Louisiana. At this time, it is not known how many of the 2,962 *Godoy Rodriguez* and *Martinez Puerto* plaintiffs are making claims against the Fresh Del Monte subsidiary.

On October 14, 2004, two of Fresh Del Monte's subsidiaries were served with a complaint in an action styled *Angel Abarca, et al. v. Dole Food Co., et al.* filed in the Superior Court of the State of California for the County of Los Angeles on behalf of more than 2,600 Costa Rican banana workers who claim injury from exposure to DBCP. On October 8, 2004 (prior to service on Fresh Del Monte's subsidiaries), a co-defendant removed the action to the United States District Court for the Central District of California. An initial review of the plaintiffs in the *Abarca* action denotes that a substantial number of the plaintiffs were claimants in prior DBCP actions in Texas and may have participated in the settlement of those actions. On December 9, 2004, plaintiffs' counsel served notices of voluntary dismissal pursuant to Federal Rule 41(a)(1) to all defendants except for The Dow Chemical Co. ("Dow"). The same day, the District Court granted plaintiffs' motion to remand. Fresh Del Monte, its subsidiaries and the other defendants apart from Dow, jointly moved to quash service before the state court on the grounds that they have been dismissed from the action. The state court denied the motion on September 2, 2005, and the California Court of Appeals subsequently rejected defendants' petition for a *writ of mandate*.

On April 25, 2005, two of Fresh Del Monte's subsidiaries were served with a complaint styled *Juan Jose Abrego, et.al. v. Dole Food Company, et al.* filed in the Superior Court of the State of California for the County of Los Angeles on behalf of 955 Guatemalan residents who claim injury from exposure to DBCP. An initial review of the Plaintiffs in the *Abrego* action denotes that a substantial number of the plaintiffs released their claims with prejudice as part of the December 1998 settlement with Fresh Del Monte's subsidiaries as well as in prior settlement with other defendants. On May 13, 2005, co-defendant Dow removed the action to the United States District Court for the Central District of California. Plaintiffs filed a motion to remand on June 15, 2005, which Dow opposed. On October 6, 2005, the District Court remanded the action to the state court of California. Dow has appealed the remand order to the U.S. Court of Appeals for the Ninth Circuit, which was granted and will be heard on March 7, 2006.

On April 25, 2005, two of Fresh Del Monte's subsidiaries were served in a complaint styled *Antonio Abrego, et al. v. Dole Food Company, et al.* filed in the Superior Court of California for the County of Los Angeles on behalf of 612 Panamanian residents who claim injury from exposure to DBCP. On May 6, 2005, plaintiffs amended the complaint to add an additional 548 plaintiffs, for a total of 1,160. Fresh Del Monte and its subsidiaries have never owned, managed or otherwise been involved with any banana growing operations in Panama. On May 13, 2005, co-defendant Dow removed the action to the United States District Court for the Central District of California. On June 10, 2005, the Court directed Dow to show cause in writing as to why the amount in controversy requirement had been sufficiently met to invoke federal jurisdiction, which Dow subsequently filed on June 17, 2005. On October 11, 2005, the District Court remanded the action to the state court of California. As in *Juan Jose Abrego,* Dow has appealed the remand order to the U.S. Court of Appeals for the Ninth Circuit, which remains pending.

On April 25, 2005, two of Fresh Del Monte's subsidiaries were served with a complaint styled *Miguel Jose Acosta et al. v. Dole Food Company, et al.* filed in the Superior Court of the State of California for the County of Los Angeles on behalf of 633 Honduran residents who claim exposure to DBCP. Fresh Del Monte and its subsidiaries have never owned, managed or otherwise been involved with any banana growing operations in Honduras. The complaint was subsequently amended to add an additional 469 plaintiffs (for a total of 1,102), and re-styled *Prospero Aceituno Linares, et al. v. Dole Food Company, et al.* On May 13, 2005, co-defendant Dow removed the action to the United States District Court for the Central District of California. The District Court *sua sponte* remanded the action on May 16, 2005, and subsequently rejected an amended notice of removal on May 27, 2005. On May 31, 2005, Dow filed a petition before the Court of Appeals for the Ninth Circuit seeking permission to appeal the District Court's remand order. The petition was denied on September 19, 2005.

The state court in the *Abarca* action has found all four of the above California actions to be "related" and has transferred all four actions to the California state court department normally responsible for hearing complex litigations, where the assignment of a judge remains pending.

Former Shareholders Litigation

On December 30, 2002, Fresh Del Monte was served with a complaint filed on December 18, 2002 in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida by seven Mexican individuals and corporations, who claim to have been former indirect shareholders of Fresh Del Monte's predecessor, against Fresh Del Monte, and certain current and former directors, officers and shareholders of Fresh Del Monte and its predecessor (the "Florida Complaint").

The Florida Complaint alleges that instead of proceeding with a prospective buyer who offered superior terms, the former chairman of Fresh Del Monte's predecessor and majority shareholder, agreed to sell Fresh Del Monte's predecessor to its current majority shareholder at a below market price as the result of commercial bribes allegedly paid by Fresh Del Monte's current majority shareholder and chief executive officer to Fresh Del Monte's predecessor's former chairman. On February 20, 2003, Fresh Del Monte filed a motion to dismiss the Florida Complaint and the oral argument was heard on June 19, 2003. On July 22, 2003, the court granted in part and denied in part Fresh Del Monte's motion to dismiss the Florida Complaint, dismissing two of the 11 counts. Mediation of the Florida Complaint occurred on September 9, 2005, but was unsuccessful. On February 9, 2006, the court set a trial date of May 15, 2006. Fresh Del Monte believes that the allegations of the remaining Florida Complaint are entirely without merit.

Class Action Litigation

a. Pineapple Class Actions

On April 16, 2004, four fruit wholesalers filed a consolidated complaint against two of Fresh Del Monte's subsidiaries in the United States District Court for the Southern District of New York. The plaintiffs claim to have purchased Del Monte Gold® pineapples from Fresh Del Monte's subsidiaries. This consolidated action is brought as a putative class action on behalf of all direct purchasers of Del Monte Gold® pineapples from March 1, 1996 through the present. The court directed the plaintiffs to file a new consolidated complaint, which was filed on August 2, 2004 and consists of the four fruit wholesalers and two individual consumers who had filed their complaints in the federal court for the Southern District of New York. In addition to these six actions, other class actions against Fresh Del Monte were transferred to the United States District Court for the Southern District of New York by the Judicial Panel on Multidistrict Litigation ("JPML") and then remanded as described below. The new consolidated complaint alleges claims for: (1) monopolization and attempted monopolization; (2) restraint of trade; (3) unfair and deceptive trade practices; and (4) unjust enrichment. On May 27, 2005, Fresh Del Monte filed a motion to dismiss the indirect and direct purchasers' claims for unjust enrichment which remains pending.

On March 5, 2004, an alleged individual consumer filed a putative class action complaint against Fresh Del Monte's subsidiaries in the state court of Tennessee on behalf of consumers who purchased (other than for resale) Del Monte Gold® pineapples in Tennessee from March 1, 1996 to May 6, 2003. The complaint alleges violations of the Tennessee Trade Practices Act and the Tennessee Consumer Protection Act. On April 14, 2004, Fresh Del Monte's subsidiaries removed this action to federal court. The plaintiffs filed a motion for remand to state court which was granted by the court on July 7, 2004. This action will now proceed in the state court of Tennessee. On February 18, 2005, Fresh Del Monte's subsidiaries filed a motion to dismiss the complaint which remains pending.

Between March 17, 2004 and March 18, 2004, three alleged individual consumers filed putative class action complaints against Fresh Del Monte and its subsidiaries in the state court of California on behalf of residents of California who purchased (other than for re-sale) Del Monte Gold® pineapples between March 1, 1996 and May 6, 2003. The complaints allege violations of the Cartwright Act, common law monopolization, unfair competition in violation of the California Business and Professional Code, unjust enrichment and violations of the Consumer Legal Remedies Act. On April 19, 2004, Fresh Del Monte removed these actions to federal court. The plaintiffs filed a motion for remand to the state court of California which was granted by the court on July 8, 2004 in one of the actions and on July 12, 2004 in the other two actions. These actions will now proceed in the state court of California. In one of the three actions, Fresh Del Monte filed a motion to dismiss the plaintiff's complaint which was granted in part and denied in part. On November 9, 2005, the three actions were consolidated under one amended complaint with a single claim for unfair competition in violation of the California Business and Professional Code. Fresh Del Monte has filed a motion to dismiss this one remaining claim, which was denied on January 6, 2006. On January 23, 2006, the court granted Fresh Del Monte's petition for leave to file an interlocutory appeal of the denial.

On April 19, 2004, an alleged individual consumer filed a putative class action complaint against Fresh Del Monte's subsidiaries in the state court of Florida on behalf of Florida residents who purchased (other than for re-sale) Del Monte Gold® pineapples between March 1, 1996 and May 6, 2003. The complaint alleges fraudulent concealment/tolling of statute of limitations, violations of the Florida Deceptive and Unfair Trade Practices Act and unjust enrichment. On May 11, 2004, Fresh Del Monte's subsidiaries removed this action to federal court. The plaintiff filed a motion for remand to state court and Fresh Del Monte's subsidiaries opposed that motion. The court granted plaintiff's motion to remand. The case will now proceed in the state court of Florida. On October 27, 2004, Fresh Del Monte filed a motion to dismiss the plaintiff's complaint, which motion was granted on January 23, 2006 with leave for plaintiff to amend. Plaintiff filed an amended complaint on February 13, 2006.

On April 29, 2004, an alleged individual consumer filed a putative class action complaint against Fresh Del Monte's subsidiaries in the state court of Arizona on behalf of residents of Arizona who purchased (other than for re-sale) Del Monte Gold® pineapples between November 1997 and January 2003. The complaint alleges monopolization and attempted monopolization in violation of the Arizona Consumer Fraud Act, and unjust enrichment in violation of common law. On May 24, 2004, Fresh Del Monte's subsidiaries removed this action to federal court. The plaintiffs filed a motion for remand and Fresh Del Monte's subsidiaries opposed that motion. Fresh Del Monte's subsidiaries are not required to respond to the complaint until 20 days after the resolution of plaintiffs' motion to remand. On October 25, 2004, this action was transferred to the United States District Court for the Southern District of New York by the JPML. The plaintiffs filed a motion for remand which was granted by the court on April 20, 2005. This action will now proceed in Arizona state court. On July 25, 2005, Fresh Del Monte filed a motion to dismiss the claim for violation of the Arizona Consumer Fraud Act which was granted by the state court on February 16, 2006 with leave for the plaintiffs to amend.

On July 2, 2004, an alleged individual consumer filed a putative class action which was served on August 24, 2004 against Fresh Del Monte's subsidiaries in the state court of Nevada on behalf of residents of Nevada who purchased (other than for re-sale) Del Monte Gold® pineapples between November 1997 and January 2003. The complaint alleges restraint of trade in violation of Nevada statutes, common law monopolization and unjust enrichment. On September 13, 2004, Fresh Del Monte's subsidiaries removed this action to federal court. On November 15, 2004, this action was transferred to the United States District Court for the Southern District of New York by the JPML. The plaintiffs filed a motion for remand which was granted by the court on April 20, 2005. This action will now proceed in Nevada state court.

b. Banana Class Actions

Between July 25, 2005 and August 22, 2005, several plaintiffs served putative class action complaints against Fresh Del Monte, certain subsidiaries and several other corporations all in the United States District Court for the Southern District of Florida on behalf of all direct purchasers of bananas for the period from May 2003 to the present. The complaints allege that the defendants engaged in a continuing agreement, understanding and conspiracy to restrain trade by artificially raising, fixing and maintaining the prices of, and otherwise restricting the sale of, bananas in the United States in violation of Section 1 of the Sherman Act. A similar action was brought by a New York corporation for the period from July 2001 to the present.

Additionally, between October 21, 2005 and November 10, 2005, Arizona, California, Minnesota, New York, Tennessee and Kansas residents filed a putative class action complaint against Fresh Del Monte, one of its subsidiaries and several other corporations in the United States District Court for the Southern District of Florida on behalf of all indirect purchasers of bananas in their respective states for the period from May 2003 to the present. That complaint alleges violations of numerous state antitrust, competition, and unjust enrichment statutes. A similar action was brought by a California resident for the period from July 2001 to the present.

The cases on behalf of the direct purchasers have been consolidated in the U.S. District Court for the Southern District of Florida. The cases on behalf of the indirect purchasers have been transferred to the same judge in the U.S. District Court for the Southern District of Florida, but are not consolidated at present.

In the consolidated direct purchaser cases, the court has entered a case management order and a scheduling order under which trial in this matter has been set for the two-week trial period commencing October 1, 2007 and discovery on the merits of the action is scheduled to take place before discovery on class certification. On November 16, 2005, the direct purchaser plaintiffs filed an amended, consolidated complaint. On December 22, 2005, Fresh Del Monte filed a motion to dismiss the complaint, which motion remains pending. The plaintiffs have served discovery requests on Fresh Del Monte.

An amended complaint is due from the indirect purchaser plaintiffs by March 3, 2006. No discovery or motion proceedings have commenced in the indirect purchaser action.

Germany's European Union Antitrust Investigation

On June 2, 2005, one of Fresh Del Monte's German subsidiaries was visited by Germany's European Union ("EU") antitrust authority which is investigating Fresh Del Monte's subsidiary for possible violations of the EU's competition laws. On February 17, 2006, Fresh Del Monte received a request for additional information from Germany's EU antitrust authority and is in the process of gathering and providing the requested information. Fresh Del Monte and its subsidiary are fully cooperating and will continue to fully cooperate with the investigation.

Fresh Del Monte and its subsidiaries intend to vigorously defend themselves in all of the above matters. At this time, management is not able to evaluate the likelihood of a favorable or unfavorable outcome in any of the above-described matters. Accordingly, management is not able to estimate the range or amount of loss, if any, from any of the above-described matters and no accruals or expenses have been recorded as of December 31, 2005, except as related to the Kunia Well Site discussed below.

Kunia Well Site

In 1980, elevated levels of certain chemicals were detected in the soil and ground water at a plantation leased by one of Fresh Del Monte's U.S. subsidiaries in Honolulu, Hawaii ("Kunia Well Site"). Shortly thereafter, Fresh Del Monte's subsidiary discontinued the use of the Kunia Well Site and provided an alternate water source to area well users and the subsidiary commenced its own voluntary cleanup operation. In 1993, the Environmental Protection Agency ("EPA") identified the Kunia Well Site for potential listing on the National Priorities List ("NPL") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended. On December 16, 1994, the EPA issued a final rule adding the Kunia Well Site to the NPL. On September 28, 1995, Fresh Del Monte's subsidiary entered into an order (the "Order") with the EPA to conduct the remedial investigation and the feasibility study of the Kunia Well Site. Under the terms of the Order, Fresh Del Monte's subsidiary submitted a remedial investigation report in November 1998 and a final draft feasibility study in December 1999 (which was updated from time to time) for review by the EPA. The EPA approved the remedial investigation report in February 1999 and the feasibility study on April 22, 2003.

As a result of communications with the EPA in 2001, Fresh Del Monte recorded a charge of $15.0 million in the third quarter of 2001 to increase the recorded liability to the estimated expected future cleanup cost for the Kunia Well Site to $19.1 million. Based on conversations with the EPA in the third quarter of 2002 and consultation with Fresh Del Monte's legal counsel and other experts, Fresh Del Monte recorded a charge of $7.0 million during the third quarter of 2002 to increase the accrual for the expected future cleanup costs for the Kunia Well Site to $26.1 million.

On September 25, 2003, the EPA issued the Record of Decision ("ROD"). The EPA estimates in the ROD that the remediation costs associated with the cleanup of the Kunia Well Site will range from $12.9 million to $25.4 million and will last approximately 10 years. As of December 30, 2005, $22.8 million is included in other long-term liabilities for the Kunia Well Site cleanup. Fresh Del Monte expects to expend approximately $2.0 million in cash per year for the next five years. Certain portions of the EPA's estimates have been discounted using a 5% interest rate. The undiscounted estimates are between $14.8 million and $28.7 million. The undiscounted estimate on which Fresh Del Monte's accrual is based totals $25.1 million. On January 13, 2004, the EPA deleted a portion of the Kunia Well Site (Northeast section) from the NPL. On May 2, 2005, Fresh Del Monte's subsidiary signed a Consent Decree with the EPA for the performance of the cleanup work for the Kunia Well Site. On September 27, 2005, the U.S. District Court for Hawaii approved and entered the consent decree. Based on findings from remedial investigations at the Kunia Well Site, Fresh Del Monte's subsidiary continues to evaluate with the EPA the cleanup work currently in progress in accordance with the Consent Decree.

Other

In addition to the foregoing, Fresh Del Monte and its subsidiaries are involved from time to time in various claims and legal actions incident to Fresh Del Monte and its subsidiaries' operations, both as plaintiff and defendant. In the opinion of management, after consulting with legal counsel, none of these other claims are currently expected to have a material adverse effect on the results of operations, financial position or cash flows of Fresh Del Monte and its subsidiaries.

20. FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Derivative Financial Instruments   Fresh Del Monte accounts for derivative financial instruments in accordance with SFAS No. 133, as amended. Fresh Del Monte uses derivative financial instruments primarily to reduce its exposure to adverse fluctuations in interest rates and foreign exchange rates. When entered into, Fresh Del Monte formally designates and documents the financial instrument as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the cash flows or fair value of the underlying exposures being hedged. Derivatives are recorded in the consolidated balance sheet at fair value in either "prepaid expenses and other current assets" or "accounts payable and accrued expenses," depending on whether the amount is an asset or liability. The fair values of derivatives used to hedge or modify Fresh Del Monte's risks fluctuate over time. These fair value amounts should not be viewed in isolation, but rather in relation to the cash flows or fair value of the underlying hedged transactions or assets and other exposures and to the overall reduction in Fresh Del Monte's risk relating to adverse fluctuations in foreign exchange rates and interest rates. In addition, the earnings impact resulting from Fresh Del Monte's derivative instruments is recorded in the same line item within the consolidated statement of income as the underlying exposure being hedged.

Fresh Del Monte also formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the cash flows or fair value of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings. Hedge ineffectiveness was not material for 2005, 2004 and 2003.

Counterparties expose Fresh Del Monte to credit loss in the event of non-performance on currency forward contracts or the interest rate swap agreement. However, because the contracts are entered into with highly-rated financial institutions, Fresh Del Monte does not anticipate non-performance by any of these counterparties. The exposure is usually the amount of the unrealized gains, if any, in such contracts.

Foreign Currency Management

To protect against changes in the value of forecasted foreign currency cash flows resulting from a portion of net sales or cost of sales, certain subsidiaries of Fresh Del Monte periodically enter into foreign currency cash flow hedges (principally Euro, British pound and Japanese yen). These subsidiaries hedge portions of forecasted sales denominated in foreign currencies with forward contracts and options, which generally expire within one year. The forward contracts are designated as single- and/or dual-purpose cash flow hedges with gains and losses in the forward contract recognized in other comprehensive income or loss until the foreign currency denominated sales or cost of sales are recognized in earnings. Subsequent to the recognition of sales or cost of sales, changes in the value of the foreign currency accounts receivable or payable and related forward contract are recognized in "other income." Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings. Fresh Del Monte accounts for the fair value of the related forward contracts as either an asset in other current assets or a liability in accrued expenses. Hedge ineffectiveness did not have a material impact on earnings for 2005, 2004 and 2003. As of December 30, 2005, and December 31, 2004, Fresh Del Monte had several foreign currency cash flow hedges outstanding. The fair value of these hedges as of December 30, 2005, is a net asset of $37.2 million, all of which is expected to be transferred to earnings in 2006 along with the earnings effect of the related forecasted transaction. The fair value of these hedges as of December 31, 2004 was a net liability of $30.2 million, substantially all of which was transferred to earnings during 2005.

Fair Value of Financial Instruments Fresh Del Monte, in estimating its fair value disclosures for financial instruments, uses the following methods and assumptions:

Cash and cash equivalents, accounts receivable, advances to growers, and accounts payable: The carrying value reported in the balance sheets for these items approximate their fair value due to their classification as current assets and liabilities.

Capital lease obligations. The carrying value of Fresh Del Monte's capital lease obligations approximate their fair value based on current interest rates for similar instruments.

Long-term debt: The carrying value of Fresh Del Monte's long-term debt approximate their fair value since they bear interest at variable rates or fixed rates which approximate market.

The carrying amounts and fair values of Fresh Del Monte's financial instruments are as follows (U.S. dollars in millions):

	December 30, 2005		December 31, 2004	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents	**$ 24.5**	**$ 24.5**	$ 42.1	$ 42.1
Trade accounts receivable	**288.9**	**288.9**	276.0	276.0
Advances to growers and other receivables	**59.1**	**59.1**	54.7	54.7
Forward contracts, net asset	**37.2**	**37.2**	—	—
Trade and other accounts payable	**(153.4)**	**(153.4)**	(193.2)	(193.2)
Long-term debt	**(338.6)**	**(338.6)**	(339.3)	(339.3)
Capital lease obligations	**(22.2)**	**(22.2)**	(24.2)	(24.2)
Forward contracts, net liability	—	—	(30.2)	(30.2)

21. RELATED PARTY TRANSACTIONS

During 2005 and 2004, Fresh Del Monte incurred expenses of $1.5 million and $1.0 million, respectively, for air transportation services for chartering of an aircraft that is indirectly owned by Fresh Del Monte's chief executive officer. The rates charged for these transportation services were comparable with the market rates charged to other unrelated companies for the use of a similar aircraft.

Sales to companies with common ownership as Fresh Del Monte were $37.9 million, $33.5 million and $28.7 million in 2005, 2004, and 2003, respectively. At December 30, 2005 and December 31, 2004 there were $8.1 million and $3.9 million, respectively, of receivables from related parties, which are included in trade accounts receivable.

Fresh Del Monte purchases goods and services from unconsolidated subsidiaries in the ordinary course of business. These transactions were conducted at arm's-length. See note 6, "Investments in Unconsolidated Companies."

22. UNAUDITED QUARTERLY FINANCIAL INFORMATION

The following summarizes certain quarterly operating data (U.S. dollars in millions, except per share data):

	Quarter ended			
	April 1, 2005	**July 1, 2005**	**September 30, 2005**	**December 30, 2005**
Net sales	**$838.5**	**$922.8**	**$740.5**	**$757.9**
Gross profit	**117.0**	**103.5**	**50.5**	**40.5**
Net income (loss)	**57.9**	**46.5**	**5.7**	**(3.5)**
Net income (loss) per share—basic[a]	**$ 1.00**	**$ 0.80**	**$ 0.10**	**$ (0.06)**
Net income (loss) per share—diluted[a]	**$ 1.00**	**$ 0.80**	**$ 0.10**	**$ (0.06)**
	March 26, 2004	June 25, 2004	September 24, 2004	December 31, 2004
Net sales	$ 713.8	$ 763.6	$ 610.4	$ 818.2
Gross profit	77.2	89.1	30.8	67.6
Net income	47.0	59.4	13.7	19.1
Net income per share—basic[a]	$ 0.82	$ 1.03	$ 0.24	$ 0.33
Net income per share—diluted[a]	$ 0.81	$ 1.03	$ 0.24	$ 0.33

(a) Basic and diluted earnings per share for each of the quarters presented above is based on the respective weighted average number of shares for the quarters. The sum of the quarters may not necessarily be equal to the full year basic and diluted earnings per share amounts due to the effects of rounding. Because the calculation of diluted earnings per share is anti-dilutive in the fourth quarter of 2005, basic and diluted net loss per share are equal.

23. BUSINESS SEGMENT DATA

Fresh Del Monte is principally engaged in one major line of business, the production, distribution and marketing of bananas, other fresh produce and prepared food. Fresh Del Monte's products are sold in markets throughout the world, with its major producing operations located in North, Central and South America, Asia and Africa.

Fresh Del Monte's operations are aggregated on the basis of its products; bananas, other fresh produce, other products and services and prepared food. Other fresh produce includes pineapples, melons, tomatoes, potatoes, onions, strawberries, non-tropical fruit (including grapes, citrus, apples, pears, peaches, plums, nectarines, apricots and kiwis), fresh-cut produce and other fruit and vegetables. Other products and services includes a third-party ocean freight business, a plastic product and box manufacturing business, a poultry business and a grain business.

Fresh Del Monte evaluates performance based on several factors, of which gross profit by product and net sales by geographic region are the primary financial measures (U.S. dollars in millions):

	Year Ended					
	December 30, 2005		December 31, 2004		December 26, 2003	
	Net Sales	**Gross Profit**	Net Sales	Gross Profit	Net Sales	Gross Profit
Bananas	**$1,079.0**	**$ 37.5**	$1,030.8	$ 23.0	$ 969.6	$ 69.2
Other fresh produce	**1,693.9**	**216.6**	1,638.7	216.1	1,398.1	249.5
Prepared food	**316.5**	**46.7**	88.8	16.3	—	—
Other products and services	**170.3**	**10.7**	147.7	9.3	119.1	9.5
Totals	**$3,259.7**	**$311.5**	$2,906.0	$264.7	$2,486.8	$328.2

	Year ended		
	December 30, 2005	December 31, 2004	December 26, 2003
Net sales by geographic region:			
North America	**$1,566.6**	$1,497.4	$1,339.0
Europe, Africa and the Middle East	**1,219.7**	940.5	714.8
Asia-Pacific	**376.6**	385.8	373.3
Other	**96.8**	82.3	59.7
Total net sales	**$3,259.7**	$2,906.0	$2,486.8

	December 30, 2005	December 31, 2004
Property, plant and equipment:		
North America	**$ 105.7**	$ 113.7
Europe and the Middle East	**174.1**	182.6
Africa	**53.4**	59.4
Asia-Pacific	**16.1**	11.0
Central and South America	**386.6**	366.5
Maritime equipment (including containers)	**123.3**	142.3
Corporate	**33.8**	39.2
Total property, plant and equipment	**$ 893.0**	$ 914.7

	December 30, 2005	December 31, 2004
Identifiable assets:		
North America	**$ 402.9**	$ 409.6
Europe and the Middle East	**709.9**	676.7
Africa	**118.2**	129.1
Asia-Pacific	**87.2**	73.4
Central and South America	**576.2**	507.4
Maritime equipment (including containers)	**123.3**	142.3
Corporate	**107.1**	138.0
Total identifiable assets	**$2,124.8**	$2,076.5

Fresh Del Monte's earnings are heavily dependent on operations located worldwide. These operations are a significant factor in the economies of some of the countries in which Fresh Del Monte operates and are subject to the risks that are inherent in operating in such countries, including government regulations, currency and ownership restrictions and risk of expropriation.

During 2005, Fresh Del Monte had two principal sales agreements for the distribution of its fresh produce, which principally cover sales in the European and Japanese markets. Sales made through these agreements approximated 11%, 12% and 9% of total net sales for 2005, 2004 and 2003, respectively.

One customer, Wal-Mart, Inc., accounted for approximately 11% and 14% of net sales in 2005 and 2004, respectively. These sales are reported in the banana and other fresh produce segments. No other customer accounted for 10% or more of our net sales. In 2005, the top ten customers accounted for approximately 32% of our net sales as compared with 35% of our net sales during 2004.

Identifiable assets by geographic area represent those assets used in the operations of each geographic area. Corporate assets consist of goodwill, building, leasehold improvements and furniture and fixtures.

24. SUBSEQUENT EVENTS

Restructuring

On February 1, 2006, Fresh Del Monte announced its decision to cease pineapple planting operations at its Kunia, Hawaii location effective February 19, 2006. This decision is a result of increased planting of pineapple at lower costs in other parts of the world and Fresh Del Monte's belief that it will not be economically feasible to continue to produce pineapple in Hawaii. Fresh Del Monte expects to continue to operate the Kunia, Hawaii location through mid-2008, the end of its current three-year growing cycle. As a result of this decision, Fresh Del Monte expects to record a restructuring charge during the first quarter of 2006, the amount of which is currently being finalized.

Stock Repurchase Program

On March 3, 2006, Fresh Del Monte's Board of Directors authorized an initial stock repurchase program of up to $300 million of the common stock of Fresh Del Monte. The timing and actual number of shares that will be repurchased in the open market will depend on a number of factors including the prevailing share price, market conditions and alternative investment opportunities. The share repurchases are expected to be funded primarily through operating cash flows and borrowings under Fresh Del Monte's credit facility. Fresh Del Monte expects to complete this repurchase program within the next three years. On February 14, 2006, Fresh Del Monte amended its credit agreement to increase the allowable repurchase of its stock in an aggregate amount not to exceed $300 million.

Report of Independent Registered Public Accounting Firm *2005 annual report*

Board of Directors and Shareholders
Fresh Del Monte Produce Inc.

We have audited the accompanying consolidated balance sheets of Fresh Del Monte Produce Inc. (the "Company") and subsidiaries as of December 30, 2005 and December 31, 2004, and the related consolidated statements of income, cash flows and shareholders' equity for each of the years ended December 30, 2005, December 31, 2004 and December 26, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fresh Del Monte Produce Inc. and subsidiaries at December 30, 2005 and December 31, 2004, and the consolidated results of their operations and their cash flows for each of the years ended December 30, 2005, December 31, 2004 and December 26, 2003, in conformity with United States generally accepted accounting principles.

Ernst & Young LLP
Certified Public Accountants

Miami, Florida
February 27, 2006
except for the second paragraph of Note 24,
as to which the date is March 3, 2006

Stock Information

New York Stock Exchange
Symbol: FDP

FDP
LISTED
NYSE

Dividend Information

The Company currently pays a regular quarterly cash dividend of $0.20 per share four times a year. The dividend is paid to shareholders who hold shares on the record date.

Shareholders of Record

As of December 30, 2005, there were 58,013,180 ordinary shares outstanding. We believe that approximately 40 percent of the outstanding ordinary shares are held by shareholders in the United States.

Forward-Looking Information

Our Annual Report may discuss future performance of the Company. Comments about expectations, plans and prospects constitute forward-looking statements for purposes of the Safe Harbor provisions of the Private Securities Litigation Reform Act. Actual results may differ materially from those contemplated in any forward-looking statements, and the Company undertakes no obligation to update any such statements. Risk factors are identified in the Company's Annual Report on Form 20-F on file for the year ending December 30, 2005 at the Securities and Exchange Commission.

Corporate and Shareholder Information

Corporate and shareholder information and a copy of the Company's Annual Report on Form 20-F, (which includes the officer certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 and the significant corporate governance difference required by Section 303A.11 of the NYSE Listed Company Manual) as filed with the Securities and Exchange Commission, may be obtained free of charge by contacting Christine Cannella, Assistant Vice President, Investor Relations at Fresh Del Monte Produce Inc., U.S. Executive Offices, C/O Del Monte Fresh Produce Company, P.O. Box 149222, Coral Gables, FL 33114, 305-520-8400 or by visiting the Company's Web site at www.freshdelmonte.com

Transfer Agent and Registrar

Mellon Investor Services LLC
P.O. Box 3315
South Hackensack, NJ 07606
866-245-9962
melloninvestor.com/isd

Auditors

Ernst & Young LLP
200 South Biscayne Blvd.
Suite 3900
Miami, FL 33131

Annual Meeting

May 3, 2006, at 11:30 a.m.
Hyatt Regency Coral Gables
50 Alhambra Plaza
Coral Gables, FL 33134

Officers

Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

Hani El-Naffy
President and Chief Operating Officer

John F. Inserra
Executive Vice President and Chief Financial Officer

Bruce A. Jordan
Vice President, General Counsel and Secretary

Emanuel Lazopoulos
Senior Vice President—North America Sales and Product Management

Paul Rice
Senior Vice President—North America Operations

Jean-Pierre Bartoli
Senior Vice President—Europe, Africa and the Middle East

José Antonio Yock
Senior Vice President—Central America

Sergio Mancilla
Senior Vice President—Shipping Operations

David J. Anderson
Vice President—Asia-Pacific

Jose Luis Bendicho
Vice President—South America

Linda Conway
Vice President—Integration and Special Projects

Marissa R. Tenazas
Vice President—Human Resources

Thomas R Young, Ph.D.
Vice President—Research, Development and Agricultural Services

Antolin D. Saiz
Vice President—Internal Audit

Directors

Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer
Fresh Del Monte Produce Inc.

Hani El-Naffy
President and Chief Operating Officer
Fresh Del Monte Produce Inc.

Amir Abu-Ghazaleh
General Manager
Abu-Ghazaleh International Company

Maher Abu-Ghazaleh
Managing Director
Suma International General Trading and Contracting Company

Salvatore H. Alfiero(2)(3)
Founder, Chairman and Chief Executive Officer
Protective Industries, LLC
Also serves on the Boards of The Phoenix Companies, HSBC Bank USA, HSBC Bank North America Holdings and Southwire Company

Edward L. Boykin(1)(3)
Consultant and Former Partner, Deloitte & Touche LLP
Also serves on the Board of Blue Cross and Blue Shield of Florida, Inc.

John H. Dalton(1)(2)
President of the Housing Policy Council of the Financial Services Roundtable
Also serves on the Boards of Trans Technology, Inc., eSpeed, Inc. and IPG Photonics Corporation

Kathryn E. Falberg(1)(2)
Former Chief Financial Officer of Amgen

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Committee Chairman

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