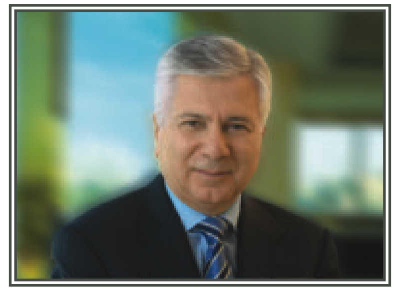
We have a

Fresh *focus*

in creating long-term value

Truly a global diversified company



Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

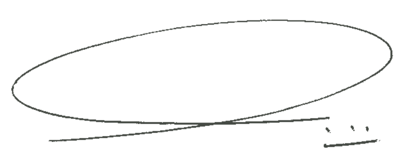
To Our Shareholders:

To say that 2006 was a difficult year would be an understatement. It turned out to be the toughest period our management team has faced in our 10 years as leaders of Fresh Del Monte Produce. The difficulties we experienced were driven by a variety of factors that constrained our financial performance, with increased costs being our heaviest burden. During the year, we incurred a range of significantly higher operating costs, including increased rates for fuel, containerboard and fruit procurement. These costs were compounded by stronger currencies in several fruit production countries, a tight fruit supply in our sourcing regions due to inclement weather and rising interest rates. We were also adversely impacted by the difficult banana market in Europe, a direct result of the implementation of the European Union banana tariff-only system that went into effect on January 1, 2006. Increased competition in the Europe prepared food segment negatively affected us as well. Although we stayed on course in building our long-term growth prospects during 2006, the challenges we faced throughout the year hampered our ability to achieve the financial performance we had anticipated. Net sales for the year decreased slightly to $3.21 billion, compared with $3.26 billion in 2005. We reported a net loss of $145.1 million, compared with net income of $106.6 million in 2005. This was certainly the most challenging period I have experienced in my many years in the fresh produce industry.

What the numbers cannot demonstrate is the progress that was made in 2006 as a result of implementing an aggressive approach to analyzing and streamlining our global operations. The challenging market conditions forced us to take a hard look at every aspect of our worldwide business. Rather than be discouraged, we made tough decisions and took the necessary steps to reduce operational costs and improve efficiency as quickly as possible. In 2006, we sold our bagged salad business in the U.K., reorganized our South Africa business and closed our production facility in Italy. We accelerated cessation of production, operations and shipments of pineapples from Hawaii a year ahead of our announced plan. In addition, in 2006, we eliminated a number of product lines, such as sweet onions, repack potatoes and underperforming fresh-cut vegetable SKU's.

We also implemented a strategy that we believe would best serve the long-term growth of the Company. We took steps to increase productivity, to become more efficient, to strengthen our product portfolio and to achieve stronger asset utilization. For example, we introduced a number of joint promotions for our fresh-cut fruit product line in the U.S., and introduced a multi-media brand image advertising campaign in Europe. We diverted excess banana volumes from the Philippines to meet stronger demand in Middle Eastern countries. We negotiated higher selling prices of bananas under contract in North America. We rejuvenated our prepared food product line with fast-growing snack category selections. In December 2006, we introduced our new Del Monte Honey Gold™ pineapple in key test markets to much acclaim. We further expanded our distribution and marketing channels to target a more diversified balance of retail grocery stores, club stores, foodservice operators, convenience stores, quick-serve and casual dining outlets. We also looked for opportunities to further our global expansion initiative, focusing on establishing platforms in emerging markets where we believe there is growth potential for Fresh Del Monte, including the Middle East, North Africa and Eastern Europe.

Today, I am confident that the decisions made in 2006 will be a driving force behind our future performance, enabling us to return to delivering strong financial results. Our ability to weather the storm and emerge stronger, as we have done in the past, is a testament to the dedication and professionalism of our 37,500 employees around the globe. We know that our business is improving, and we look forward to 2007 with energy and excitement as we firmly believe that with the continued support of our employees we will deliver improved performance to our valued shareholders in 2007.



Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

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2006 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 innovation, quality, freshness 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. This new tariff-only banana import regime established a tariff of 176 euros per ton for bananas imported from Latin American countries. The effect of this new tariff-only system on the European banana market has resulted in increased supply to this market which in turn had the effect of reducing our per unit net sales prices by 5% in 2006 as compared with 2005. We expect this market to stabilize and per unit net sales prices to increase slightly during 2007. In the processed foods business, we generally realize the largest portion of our net sales and gross profit in the third and fourth quarters of the year. In 2006, the third and fourth quarter suffered reduced gross profit principally due to a shortage of our Kenya sourced canned pineapple product as a result of our product withdrawal program and increased competition.

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. Including the effect of our foreign currency hedges, net sales for 2006 were positively impacted by approximately $80.4 million, as compared to 2005, 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 on 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 and prepared food combined with expansion of value-added services such as banana ripening. 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 the prepared food segment. In Europe, Africa and the Middle East, we expect our net sales to increase due to the prepared food product offerings and increased sales of fresh fruit. 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 the Middle East and North Africa. 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* in 2007, 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 owned 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 by 5% and containerboard prices increased by 13% in 2004 as compared to 2003. During 2005, fuel costs increased an additional 41% and containerboard prices increased slightly and during 2006 the cost of fuel further increased by 21% and containerboard increased by an additional 17% as compared with 2005. This increase in containerboard and fuel prices has added approximately $28.0 million to our cost of products sold in 2006 as compared to 2005. As a result of the accelerated closing of our Hawaii pineapple operations and the shut-down of our Italy juice plant, we have included $24.6 million of deferred crop and other inventory write-downs related to Hawaii and $1.8 million of inventory write-downs related to the Italy plant shut-down, in cost of products sold in 2006. Also, the Kenya canned pineapple product withdrawal program resulted in an additional charge of $16.6 million that was recorded in our cost of products sold in 2006.

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.

Asset Impairment and Other Charges Asset impairment and other charges were $105.3 million in 2006 as compared with $3.1 million in 2005, an increase of $102.2 million. In 2006, we recorded asset impairment charges totaling $84.0 million consisting of the following: a) $21.7 million, as a result of continued operating losses due to underutilization of production facilities and machinery in Europe and Africa related to the prepared food segment; b) $27.6 million, primarily as a result of asset impairment tests for indefinite-lived intangible assets in the United Kingdom due to discontinued unprofitable product lines in the prepared food and other fresh produce segments and in the United States as the result of lower volume expectations in the other fresh produce segment; c) $17.4 million, as a result of continued operating losses and underutilization of facilities in Africa, Europe and the United States related to the other fresh produce and banana segments; d) $9.3 million, due to underutilized definite lived intangible assets in the North America transportation business related to the non-produce segment and in Europe related to the other fresh produce segment; and e) $8.0 million for the write-off of capitalized software costs in Europe and the United States due to discontinued usage. In addition, 2006 asset impairment and other charges include $11.4 million of net employee termination benefits charges and $9.9 million of contractual obligations charges related to the other fresh produce and processed food segments as a result of the accelerated closure of our Hawaii operations, the closure of our Italy juice plant and the closure and sale of our U.K. fresh-cut salad operation.

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 2006, our average outstanding debt level increased which combined with higher interest rates, resulted in higher interest expense. In 2007, we expect 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 gain and losses from sales of investments and property, plant and equipment.

Provision for (Benefit from) 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 accruals for tax contingencies including those relating to 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:

	Years ended		
	December 29, 2006	**December 30, 2005**	**December 31, 2004**
Statement of Operations Data:			
Net sales	100.0%	100.0%	100.0%
Gross profit	5.8	9.6	9.1
Selling, general and administrative expenses	6.3	5.9	4.5
Operating (loss) income	(3.7)	3.6	4.4
Interest expense	0.8	0.5	0.3
Net (loss) income	(4.5)	3.3	4.8

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

	Years ended					
	December 29, 2006		December 30, 2005		December 31, 2004	
	(U.S. dollars in millions)					
Net sales by geographic region:						
North America	$1,574.1	49%	$1,579.6	48%	$1,497.4	52%
Europe	1,123.2	35%	1,206.7	37%	940.5	32%
Asia	419.5	13%	376.6	12%	385.8	13%
Other	97.5	3%	96.8	3%	82.3	3%
Total	$3,214.3	100%	$3,259.7	100%	$2,906.0	100%

	Years ended					
	December 29, 2006		December 30, 2005		December 31, 2004	
	(U.S. dollars in millions)					
Net sales by product category:						
Bananas	$1,112.5	35%	$1,079.0	33%	$1,030.8	36%
Other fresh produce	1,622.2	50%	1,680.9	52%	1,638.7	56%
Prepared food	308.9	10%	329.5	10%	88.8	3%
Other products and services	170.7	5%	170.3	5%	147.7	5%
Total	$3,214.3	100%	$3,259.7	100%	$2,906.0	100%
Gross profit (loss) by product category:						
Bananas	$ 15.6	8%	$ 37.5	12%	$ 23.0	9%
Other fresh produce	167.7	90%	217.4	70%	216.1	81%
Prepared food	(12.6)	(7)%	45.9	15%	16.3	6%
Other products and services	15.8	9%	10.7	3%	9.3	4%
Total	$ 186.5	100%	$ 311.5	100%	$ 264.7	100%

2006 Compared with 2005

Net Sales Net sales in 2006 were $3,214.3 million compared with $3,259.7 million in 2005. The decrease in net sales of $45.4 million was principally due to lower net sales of other fresh produce and prepared foods partially offset by higher sales of bananas. Net sales of other fresh produce decreased by $58.7 million as compared with 2005, principally due to lower net sales of vegetables, tomatoes, non-tropical fruit, fresh-cut fruit and vegetables and potatoes partially offset by higher net sales of melons and grapes. The decrease in net sales of vegetables, tomatoes, potatoes and non-tropical fruit was the result of the rationalization of our North America vegetable program, the planned sales volume reduction in underperforming products and lower supplies of avocados. The decrease in net sales of fresh-cut fruit and vegetables was the result of our decision to discontinue our fresh-cut salad operation in the U.K. during the second quarter of 2006. The increase in net sales of melons was due to higher per unit sales price and sales volumes. The increase in net sales of grapes was the result of increased sales volumes. The decrease in net sales of prepared food of $20.6 million was principally due to continued competitive pressure combined with lower sales of Kenya canned pineapple during the Christmas holiday due to limited supplies as a result of the product withdrawal program. Banana net sales increased by $33.5 million primarily due to higher per unit sales prices in Asia, higher sales volumes in Asia and North America partially offset by lower per unit sales prices and sales volume in Europe.

Including the effect of our foreign currency hedges, 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 2006 compared with 2005 was an increase in net sales of $80.4 million primarily related to $22.3 million attributed to the euro, $24.4 million to the British pound, $5.4 million to the Japanese yen and $23.7 million to the Korean won.

During 2006, one customer, Wal-Mart, Inc., accounted for approximately 12% 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 2006, the top ten customers accounted for approximately 31% of our net sales.

Cost of Products Sold Cost of products sold was $3,027.8 million in 2006 compared with $2,948.2 million in 2005, an increase of $79.6 million. Based on the closing of our Hawaii pineapple operations and as a result of changes in circumstances caused by the inefficiencies from employee turnover, reductions in forecasted production volume and a decline in market prices, an impairment of deferred growing crops of $24.6 million was recorded in cost of products sold during 2006. Additionally, as a result of low level contamination of the prepared food segment canned pineapple products from our Kenyan operation, a product withdrawal and disposal program was initiated during 2006 resulting in a charge of $16.6 million that was recorded in cost of products sold. Also recorded in cost of products sold during 2006 were $1.8 million of inventory write-offs attributed to the closure of our Italian prepared food segment juice plant. The remaining increase in cost of products sold of $36.6 million was primarily attributed to increased ocean freight and inland transportation which resulted from a 21% increase in fuel costs, increased vessel operating costs and higher fruit procurement and production costs. These higher costs may continue in the near term.

Gross Profit Gross profit was $186.5 million in 2006 compared with $311.5 million in 2005, a decrease of $125.0 million. The decrease in gross profit was primarily attributable to lower gross profit on prepared food of $58.5 million, lower gross profit on other fresh produce of $49.7 million, and lower gross profit on bananas of $21.9 million, partially offset by increased gross profit on other products and services of $5.1 million. Gross profit on the prepared food segment decreased due to higher production costs combined with lower sales due to continued competitive pressure in the U.K. market in the canned fruit and shelf-stable juice product lines. Also contributing to the decrease in gross profit on the prepared food segment in 2006 was $16.6 million in charges related to the product recall and withdrawal program that resulted from low level contamination of our Kenya canned pineapple products and $1.8 million of inventory write-downs as a result of the shut-down of our Italy juice plant.

Gross profit on the other fresh produce segment decreased primarily due to lower gross profit on gold pineapples as a result of lower per unit sales price that resulted from increased competition and higher costs, lower gross profit on grapes that resulted from inclement weather conditions in our major sourcing areas, higher costs and by $24.6 million in deferred crop and other inventory write-downs related to the accelerated closure of our Hawaii pineapple operations. Partially offsetting these decreases in gross profit on the other fresh produce segment in 2006 as compared with 2005, is increased gross profit on tomatoes that resulted from the elimination of less profitable varieties and higher per unit sales prices.

Gross profit on bananas decreased principally due to lower per unit sales prices in the EU that resulted from increased competition as a direct result of the new tariff-only system partially offset by higher gross profit in

Asia and North America. Another contributing factor to the decline in gross profit on bananas was higher ocean freight, inland transportation and raw material costs that resulted from higher fuel costs and vessel operating costs.

The increase in gross profit in the other products and services segment was primarily attributed to higher gross profit in the third-party freight and Jordan poultry businesses.

Selling, General and Administrative Expenses Selling, general and administrative expenses increased $10.7 million to $201.6 million in 2006 compared with $190.9 million in 2005. The increase is primarily attributable to expenses associated with our European multi-media brand image campaign and by $6.6 million of stock-based compensation expense.

Asset Impairment and Other Charges Asset impairment and other charges were $105.3 million in 2006 as compared with $3.1 million in 2005, an increase of $102.2 million. In 2006, we recorded asset impairment charges totaling $84.0 million consisting of the following: a) $21.7 million, as a result of continued operating losses due to underutilization of production facilities and machinery in Europe and Africa related to the prepared food segment; b) $27.6 million, primarily as a result of asset impairment tests for indefinite-lived intangible assets in the United Kingdom due to discontinued unprofitable product lines in the prepared food and other fresh produce segments and in the United States as the result of lower volume expectations in the other fresh produce segment; c) $17.4 million, as a result of continued operating losses and underutilization of facilities in Africa, Europe and the United States related to the other fresh produce and banana segments; d) $9.3 million, due to underutilized definite lived intangible assets in the North America transportation business related to the non-produce segment and in Europe related to the other fresh produce segment; and e) $8.0 million for the write-off of capitalized software costs in Europe and the United States due to discontinued usage. In addition, 2006 asset impairment and other charges include $11.4 million of net employee termination benefits charges and $9.9 million of contractual obligations charges related to the other fresh produce and processed food segments as a result of the accelerated closure of our Hawaii operations, the closure of our Italy juice plant and the closure and sale of our U.K. fresh-cut salad operation.

In 2005, 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.

Operating Income (Loss) Operating loss in 2006 was $120.4 million compared with an operating income of $117.5 million in 2005, a decrease of $237.9 million. The operating loss is primarily attributable to lower gross profit, increased asset impairment and other charges and higher selling, general and administrative expenses.

Interest Expense Interest expense increased $9.9 million to $27.0 million in 2006 compared with $17.1 million in 2005. The increase in interest expense was attributable to higher average debt balances and higher interest rates.

Other Income (Expense), Net Other income (expense), net was income of $0.4 million in 2006 compared with an expense of $3.1 million in 2005. The increase of $3.5 million was principally due to insurance recoveries and gains associated from early termination of foreign exchange contracts.

Benefit from Income Taxes Benefit from income taxes was $0.5 million in 2006, compared with $8.3 million in 2005, a decrease of $7.8 million. The income tax benefit of $0.5 million in 2006 is primarily attributable to net operating losses in certain jurisdictions. However, the majority of the losses incurred during 2006 did not result in taxable benefits due to the uncertainty of the utilization of these net operating losses against future taxable income. The benefit from income taxes of $8.3 million 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 tax contingency accruals.

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 $240.7 million during 2005 due to the acquisition of Del Monte Foods business during the fourth quarter of 2004. Net sales of other fresh produce increased $42.2 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 Asia 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 foods 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 vegetable, other fruit and vegetables which resulted from increased per unit selling prices were 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 Europe 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.

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%.

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 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:

	Years ended	
	December 29, 2006	December 30, 2005
Net sales:		
First quarter	$ 840.0	$ 838.5
Second quarter	907.1	922.8
Third quarter	729.6	740.5
Fourth quarter	737.6	757.9
Total	$3,214.3	$3,259.7
Gross profit (loss):		
First quarter	$ 67.7	$ 117.0
Second quarter	71.3	103.5
Third quarter	(8.8)	50.5
Fourth quarter	56.3	40.5
Total	$ 186.5	$ 311.5

Liquidity and Capital Resources Net cash provided by operating activities for 2006 was $25.3 million, a decrease of $84.7 million from 2005. The decrease in cash provided by operating activities was principally attributed to the net loss in 2006 combined with changes in other operating assets and liabilities. 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.

Working capital was $425.2 million at December 29, 2006, compared with $416.2 million at December 30, 2005, an increase of $9.0 million. This increase in working capital is principally attributed higher levels of cash and cash equivalents and inventory partially offset by lower trade accounts receivable.

Net cash used in investing activities was $84.3 million for 2006, $78.1 million for 2005 and $412.0 million for 2004. Net cash used in investing activities for 2006 consisted primarily of capital expenditures of $102.1 million partially offset by $17.8 million of proceeds from sale of assets. Capital expenditures for 2006 consisted primarily of new distribution and manufacturing facilities in the Middle East and expansion of production operations in the Philippines, South America and Africa. Proceeds from sale of assets consisted primarily of the sale of the fresh-cut salad operations in the U.K. and a potato repack facility in the U.S.

Net cash provided by 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.

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 vegetable, juices, beverages, snacks and desserts. Through this acquisition we added an array of products and brands to our existing portfolio of fresh and fresh-cut produce. 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 one of the leading brands for canned fruit and pineapple in many Western European markets and is a leading brand in the U.K. beverage market. This acquisition provided us with 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 and South Africa, 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. This acquisition included a fleet of 150 tractors and 200 trailers, and facilities in Fargo, North Dakota; Denton, Texas; and Cincinnati, Ohio. Can-Am provided 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 provided by financing activities of $73.9 million for 2006 was principally attributed to net borrowing of long-term debt of $108.3 million partially offset by $28.9 million of payments of dividends and $5.8 million of purchases of treasury shares.

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.

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.

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 administered by 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, with Rabobank Nederland, New York Branch, as administrative agent. On November 9, 2004, the 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 (collectively, the "Credit Facility"). On February 14, 2006, the Credit Facility was amended to increase the allowable repurchase by Fresh Del Monte of its stock in an aggregate amount not to exceed $300.0 million.

On May 10, 2006, the Credit Facility was modified to amend certain financial covenants and Fresh Del Monte borrowed $150.0 million of the available term loan commitment and used the proceeds to re-pay a portion of the revolving facility. On December 27, 2006 the Credit Facility was further amended to modify the applicable ratios used to determine margins for advances under the facility and to amend certain financial covenants. The term loan is a five-year amortizing loan with quarterly payments of principal and interest. The interest rate (7.875% at December 29, 2006) is based on a spread over London Interbank Offer Rate ("LIBOR").

The 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 Credit Facility permits borrowings with an interest rate (7. 8993% at December 29, 2006) depending on Fresh Del Monte's leverage ratio, based on a spread over LIBOR. At December 29, 2006, there was $444.3 million outstanding under the Credit Facility.

The Credit Facility requires Fresh Del Monte to be in compliance with various financial and other covenants and limits the amount of future dividends and capital expenditures. As of December 29, 2006, Fresh Del Monte was in compliance with all of the financial and other covenants contained in the Credit Facility.

At December 29, 2006, Fresh Del Monte had $287.0 million available under committed working capital facilities, primarily all of which is represented by the Credit Facility. The Credit Facility also includes a swing line facility and a letter of credit facility. At December 29, 2006, Fresh Del Monte applied $18.2 million to the letter of credit facility, comprised primarily of certain contingent obligations and other governmental agencies guarantees combined with guarantees for purchases of raw materials and equipment.

As of December 29, 2006, Fresh Del Monte had $469.9 million of long-term debt and capital lease obligations, including the current portions, consisting of $444.3 million outstanding under the Credit Facility, $13.0 million of capital lease obligations and $12.6 million of other long-term debt and notes payable.

As a result of the closure of our Hawaii and Italy facilities, we expect to pay approximately $19.9 million during 2007 and $2.1 million during 2008 in termination benefits and contract obligations. These cash outlays will be funded from operating cash flows and available borrowings under our Credit Facility.

Principal capital expenditures planned for 2007 consist of $96.9 million for expansion of our distribution and manufacturing facilities in the Middle East and expansion of our production facilities in South America, the Philippines and Africa. We expect to fund our capital expenditures in 2007 from operating cash flows and borrowings under our Credit Facility. We generated cash from operations of $25.3 million in 2006 and had $284.7 million available under our Credit Facility as of December 29, 2006. Based on our operating plan and borrowing capacity of our Credit Facility, we believe we have sufficient cash to meet our obligations in 2007. This belief is based on our positive operating plan for 2007 and cash flow in recent years.

Recent Development On February 1, 2007, we ceased using Ahmed Abu-Ghazaleh & Sons Company ("AAG"), a related party through common ownership, as distributors in Dubai, U.A.E. and we began our own direct distribution.

Research and Development, Patents and Licenses, Etc.

Our research and development programs have led to improvements in agricultural and growing practices and product packaging technology. These programs are directed mainly at reducing the cost and risk of pesticides, using natural biological agents to control pests and diseases, testing new varieties of our principal fruit varieties for improved crop yield and resistance to wind damage and improving post harvest handling. We have also been seeking to increase the productivity of low-grade soils for improved banana growth and experimenting with various other types of fresh produce. Our research and development efforts are conducted by our staff of professionals and include studies conducted in laboratories, as well as on-site field analyses and experiments. Our research and development professionals are located at our production facilities and in the United States, and we provide our growers with access to improved technologies and practices. We operate research and development facilities in the San Francisco Bay area of California and Costa Rica where we conduct various research activities relating to the development of new fruit varieties.

Some of the research and development projects include:

- the development of the *"Del Monte Gold® Extra Sweet"* pineapple; and the Del Monte Honey Gold™ pineapple; and
- improved irrigation methods and soil preparation for melon planting.

Our total corporate research and development expenses were $2.9 million, $2.9 million and $2.8 million for 2006, 2005 and 2004, respectively, and are included in selling, general and administrative expenses.

We have the exclusive right to use the DEL MONTE® brand for fresh fruit, fresh vegetables and other fresh and fresh-cut produce on a royalty-free basis under a worldwide, perpetual license from Del Monte Corporation, an unaffiliated company that owns the DEL MONTE® trademark. Del Monte Corporation and several other unaffiliated companies manufacture, distribute and sell under the DEL MONTE® brand canned or processed fruit, vegetables and other produce, as well as dried fruit, snacks and other products. Our licenses allow us to use the trademark "DEL MONTE®" and the words "DEL MONTE®" in association with any design or logotype associated with the brand, conditional upon our compliance with certain quality control standards. The licenses also give us certain other trademarks and trademark rights, on or in connection with the production, manufacture, sale and distribution of fresh fruit, fresh vegetables, other fresh produce and certain other specified products. In addition, the licenses allow us to use certain patents and trade secrets in connection with the production, manufacture, sale and distribution of our fresh fruit, fresh vegetables, other fresh produce and certain other specified products.

As a result of the Del Monte Foods acquisition, we have a royalty-free perpetual license to use the Del Monte trademark in connection with the production, manufacture, sale and distribution of prepared food and beverages in over 100 countries throughout Western, Eastern and Central Europe, Africa and the Middle East.

We also sell produce under several other brands for which we have obtained registered trademarks, including UTC®, Rosy®, Fruit Express®, Just Juice®, Fruitini® and other regional brands.

Trend Information

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 on 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 and prepared food combined with expansion of value-added services such as banana ripening. 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 the prepared food segment. In Europe, Africa and the Middle East, we expect our net sales to increase due to the prepared food product offerings and increased sales of fresh fruit. 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, the Middle East and North Africa. We also expect our net sales of *Del Monte Gold® Extra Sweet pineapple* to approximate last year's levels.

In the pineapple, grape and non-tropical fruit markets, we believe that the high degree of capital investment and cultivation expertise required, as well as the longer length of the growing cycle, makes it relatively difficult to enter the market.

However, in recent years we have experienced an increase in competition to *Del Monte Gold® Extra Sweet* pineapple which has affected our results. We expect these competitive pressures to continue in 2007.

In the EU, the banana import license system was replaced with a tariff-only banana import system effective January 1, 2006. This new tariff-only banana import regime established a tariff of 176 euros per ton for bananas imported from Latin American countries. The effect of this new tariff-only system on the European banana market has resulted in increased supply to this market which in turn had the effect of reducing our per unit net sales prices by 5% in 2006 as compared with 2005. We expect this market to stabilize and per unit net sales prices to increase slightly during 2007.

Also adversely affecting our financial results in 2006 has been increased competitive pressure in the U.K. market in the canned fruit and shelf-stable juice product lines. We expect these competitive pressures to continue in 2007.

Our costs are determined in large part by the prices of fuel and packaging materials, including containerboard, plastic, resin and tin plate. Any significant increase in the cost of these items could also materially and adversely affect our operating results. Other than the cost of our products (including packaging), sea and inland transportation costs represent the largest component of cost of products sold. Our average cost of fuel increased by 5% and containerboard increased by 13% in 2004 as compared with 2003. During 2005, the cost of fuel increased an additional 41% and containerboard increased slightly, as compared with 2004 and during 2006, the cost of fuel further increased by 21% and containerboard increased by 17% as compared with 2005. These increases in the cost of fuel and containerboard have negatively impacted our results of operations. In addition, we are subject to the volatility of the short-term charter vessel market because approximately 28% of our refrigerated vessels are chartered rather than owned. These charters are primarily short-term, typically for periods of one to three years. Charter rates have generally increased during 2005 and 2006 as compared with the relevant prior year. These higher costs may continue in the near term.

The following details information with respect to our contractual obligations as of December 29, 2006:

	(U.S. dollars in millions)				
Payments by period:	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Fruit purchase agreements	$1,991.2	$367.9	$525.0	$390.0	$708.3
Purchase obligations	205.4	134.4	51.6	9.6	9.8
Operating leases	111.9	22.0	18.6	15.9	55.4
Capital lease obligations (including interest)	13.8	6.0	4.0	3.0	0.8
Long-term debt	457.0	5.6	5.3	303.4	142.7
Totals	$2,779.3	$535.9	$604.5	$721.9	$917.0

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 that meet our quality standards. Total purchases under these agreements amounted to $575.3 million, $585.9 million and $571.4 million for 2006, 2005 and 2004, 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 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
Year ended December 29, 2006	$23.04	$14.81
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
2006		
First quarter	$23.10	$17.52
Second quarter	$21.85	$16.26
Third quarter	$19.18	$15.50
Fourth quarter	$17.39	$14.75
Most recent six months		
September 2006	$19.03	$17.39
October 2006	$17.11	$15.87
November 2006	$16.45	$14.92
December 2006	$15.58	$14.81
January 2007	$15.14	$14.51
February 2007	$16.49	$15.23

As of December 29, 2006, there were 57,697,834 ordinary shares outstanding. As of February 23, 2007, we believe that holders in the United States held approximately 35% of the outstanding ordinary shares.

Consolidated Balance Sheets

	December 29, 2006	December 30, 2005
	(U.S. dollars in millions, except share and per share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 39.8	$ 24.5
Trade accounts receivable, net of allowance of $25.4 and $20.1, respectively	266.2	288.9
Other accounts receivables, net of net of allowances of $23.2 and $20.4, respectively	59.9	59.1
Inventories	405.3	388.7
Deferred income taxes	8.3	6.5
Prepaid expenses and other current assets	49.9	56.1
Total current assets	829.4	823.8
Investments in and advances to unconsolidated companies	12.2	13.8
Property, plant and equipment, net	840.5	893.0
Deferred income taxes	47.1	38.0
Other noncurrent assets	101.1	106.9
Goodwill	251.9	249.3
Total assets	$2,082.2	$2,124.8
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 371.2	$ 371.1
Current portion of long-term debt and capital lease obligations	7.8	11.7
Deferred income taxes	16.1	16.1
Income taxes payable	9.1	8.7
Total current liabilities	404.2	407.6
Long-term debt and capital lease obligations	462.1	349.1
Retirement benefits	78.4	95.7
Other noncurrent liabilities	45.5	43.4
Deferred income taxes	68.1	65.9
Total liabilities	1,058.3	961.7
Minority interests	12.2	10.2
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; 58,039,180 issued and 57,697,834 outstanding and 58,013,180 issued and outstanding, respectively	0.6	0.6
Paid-in capital	387.4	380.5
Retained earnings	612.5	774.9
Less: 341,346 treasury shares at cost	(5.8)	—
Accumulated other comprehensive income (loss)	17.0	(3.1)
Total shareholders' equity	1,011.7	1,152.9
Total liabilities and shareholders' equity	$2,082.2	$2,124.8

See accompanying notes.

Consolidated Statements of Operations

	Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004
	(U.S. dollars in millions, except share and per share data)		
Net sales	$ 3,214.3	$ 3,259.7	$ 2,906.0
Cost of products sold	3,027.8	2,948.2	2,641.3
Gross profit	186.5	311.5	264.7
Selling, general and administrative expenses	201.6	190.9	131.0
Asset impairment and other charges	105.3	3.1	5.4
Operating (loss) income	(120.4)	117.5	128.3
Interest expense	(27.0)	(17.1)	(9.0)
Interest income	1.4	1.0	0.8
Other income (expense), net	0.4	(3.1)	6.9
(Loss) income before income taxes	(145.6)	98.3	127.0
Benefit from income taxes	(0.5)	(8.3)	(12.2)
Net (loss) income	$ (145.1)	$ 106.6	$ 139.2
Net (loss) income per ordinary share – Basic	$ (2.51)	$ 1.84	$ 2.42
Net (loss) income per ordinary share – Diluted	$ (2.51)	$ 1.84	$ 2.41
Dividends declared per ordinary share	$ 0.50	$ 0.80	$ 0.80
Weighted average number of ordinary shares:			
Basic	57,819,416	57,926,466	57,487,131
Diluted	57,819,416	58,077,282	57,803,158

See accompanying notes.

Consolidated Statements of Cash Flows

	Years ended		
	December 29, 2006	**December 30, 2005**	**December 31, 2004**
	(U.S. dollars in millions)		
Operating activities:			
Net (loss) income	$(145.1)	$ 106.6	$ 139.2
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	83.8	89.0	70.9
Asset impairment charges	84.0	3.1	5.4
Reversal of accrual for tax contingency	—	—	(18.0)
Gain (loss) on sale of equipment	0.6	(1.2)	—
Equity in loss of unconsolidated companies	1.6	2.1	—
Deferred income taxes	(6.1)	(3.7)	7.8
Stock based compensation	6.6	—	—
Foreign currency translation adjustment	9.6	(13.0)	(1.4)
Other, net	—	(1.7)	—
Changes in operating assets and liabilities, net of acquisitions:			
Receivables	21.6	(17.5)	(28.3)
Inventories	(19.5)	(45.1)	(14.1)
Prepaid expenses and other current assets	6.7	(0.6)	(6.5)
Accounts payable and accrued expenses	(5.8)	(7.4)	(4.5)
Other noncurrent assets and liabilities	(12.7)	(0.6)	6.5
Net cash provided by operating activities	25.3	110.0	157.0
Investing activities:			
Capital expenditures	(102.1)	(81.1)	(94.0)
Proceeds from sale of assets	17.8	3.7	2.4
Purchase of subsidiaries, net of cash acquired	—	(2.0)	(320.1)
Dividends received from unconsolidated subsidiaries	—	0.4	0.1
Other investing activities, net	—	0.9	(0.4)
Net cash used in investing activities	(84.3)	(78.1)	(412.0)
Financing activities:			
Proceeds from long-term debt	701.7	724.0	545.1
Payments on long-term debt	(593.4)	(732.3)	(238.8)
Payments on debt of acquired subsidiary	—	—	(24.0)
Proceeds from stock options exercised	0.3	3.6	4.4
Purchase of treasury shares	(5.8)	—	—
Payments of dividends	(28.9)	(46.3)	(46.0)
Net cash provided by (used in) financing activities	73.9	(51.0)	240.7
Effect of exchange rate changes on cash	0.4	1.5	5.4
Net increase (decrease) in cash and cash equivalents	15.3	(17.6)	(8.9)
Cash and cash equivalents, beginning	24.5	42.1	51.0
Cash and cash equivalents, ending	$ 39.8	$ 24.5	$ 42.1
Supplemental cash flow information:			
Cash paid for interest	$ 24.0	$ 14.9	$ 4.2
Cash paid for income taxes	$ 2.3	$ 3.0	$ 7.9
Non-cash financing and investing activities:			
Purchases of assets under capital lease obligations	$ 1.2	$ 6.1	$ 7.2

See accompanying notes.

Consolidated Statements of Shareholders' Equity

	Ordinary Shares Outstanding	Ordinary Shares	Paid-in Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	(U.S. dollars in millions, except share data)						
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
Cumulative effect of adjustments resulting from the adoption of SAB No. 108	—	—	—	11.6	—	—	11.6
Adjusted balance at December 31, 2005	58,013,180	0.6	380.5	786.5	—	(3.1)	1,164.5
Exercises of stock options	26,000	—	0.3	—	—	—	0.3
Share-based payment expense	—	—	6.6	—	—	—	6.6
Dividends declared	—	—	—	(28.9)	—	—	(28.9)
Treasury shares purchased	(341,346)	—	—	—	(5.8)	—	(5.8)
Comprehensive income:							
Net loss	—	—	—	(145.1)	—	—	(145.1)
Unrealized loss on derivatives, net of reclassification for loss of $0.6 included in net loss	—	—	—	—	—	(34.3)	(34.3)
Net foreign currency translation adjustment	—	—	—	—	—	43.9	43.9
Additional minimum pension liability	—	—	—	—	—	(1.6)	(1.6)
Comprehensive loss							(137.1)
Impact of adoption of SFAS No. 158, net of tax	—	—	—	—	—	12.1	12.1
Balance at December 29, 2006	57,697,834	$ 0.6	$387.4	$ 612.5	$(5.8)	$ 17.0	$1,011.7

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 43.6% 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, apples, pears, peaches, plums, nectarines, apricots, avocados and kiwi), plantains and tomatoes, primarily from Central America, South America, Africa and the Philippines. Fresh Del Monte also sources products from North America and Europe and distributes its products in North America, Europe, Asia, South America, Africa and the Middle East. Products are sourced from Fresh Del Monte-owned farms, through joint venture arrangements and through supply contracts with independent growers.

With the acquisition of Del Monte Foods Europe ("Del Monte Foods"), 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 foods throughout Europe, Africa and the Middle East. See note 5, "Acquisitions".

2. Staff Accounting Bulletin No. 108

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides interpretive guidance on the considerations of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment.

Traditionally, there have been two widely-recognized methods for quantifying the effects of financial misstatements: the "roll-over" method and the "iron curtain" method. The roll-over method focuses primarily on the impact of a misstatement on the income statement-including the reversing effect of prior year misstatements-but its use can lead to the accumulation of misstatements in the balance sheet. The iron curtain method, on the other hand, focuses primarily on the effect of correcting the prior-end balance sheet with less emphasis on the reversing effects of prior year errors on the income statement. Fresh Del Monte currently and has historically used the roll-over method for quantifying identified financial statement misstatements.

In SAB 108, the SEC staff established an approach that requires quantification of financial statement misstatements based on the effects of the misstatements on each of Fresh Del Monte's financial statements and the related financial statement disclosures. This model is commonly referred to as a "dual approach" because it requires quantification of errors under both the iron curtain and the roll-over methods.

2. Staff Accounting Bulletin No. 108 (continued)

Fresh Del Monte adopted SAB 108 as of its fiscal year ended December 29, 2006. SAB 108 allows the use of a one time special transition provision in which adjustments are made to retained earnings as of the first day of the fiscal year of adoption for errors that were not previously deemed material as they were being evaluated under a single method (in the case of Fresh Del Monte, the roll-over method), but are material when evaluated under the dual approach prescribed by SAB 108. Fresh Del Monte has elected to record the effects of applying SAB 108 using the cumulative effect transition method. The following table summarizes the effects (up to December 30, 2005) of applying the guidance in SAB 108 (U.S. dollars in millions):

	Period in which the Misstatement originated (1)			
	Cumulative Prior to December 27, 2003	Year ended December 31, 2004	Year ended December 30, 2005	Adjustment Recorded as of December 31, 2005
Deferred income tax liability (2)	$11.9	$ 0.6	$ 0.3	$12.8
Goodwill, net (3)	(1.2)	—	—	(1.2)
Impact on net income (4)	$10.7	$ 0.6	$ 0.3	
Retained earnings (5)				$11.6

(1) Fresh Del Monte had quantified these errors under the roll-over method and concluded that they were immaterial both individually and in the aggregate.
(2) In conjunction with a comprehensive review of its global deferred income tax reporting processes, Fresh Del Monte determined that it has historically treated the deferred tax liability as a non-monetary liability as opposed to a monetary liability, thus the remeasurement of this liability was being calculated at historical exchange rates rather than at the local current exchange rate as required by Financial Accounting Standards Board ("FASB") Statement No. 52, "Foreign Currency Translation". Resulting translation adjustments should have been accounted for in the consolidated statement of operations. A significant portion of this adjustment relates to the pre-2000 fiscal years.
(3) In conjunction with the comprehensive review noted at (2), Fresh Del Monte also identified an error in the exchange rate used at the acquisition date in the calculation of the deferred income tax liability. Fresh Del Monte adjusted its goodwill balance by $5.7 million in order to properly state the related deferred income tax liability. This resulted in additional amortization expense of $1.2 million related to pre-2002.
(4) Represents the net understatement of net income for the indicated periods resulting from these misstatements.
(5) Represents the net increase to retained earnings recorded as of December 31, 2005, the first day of Fresh Del Monte's 2006 fiscal year, to record the initial application of SAB 108.

In addition, Fresh Del Monte's consolidated statement of shareholders' equity was adjusted to reflect the cumulative effect adjustment to the ending retained earnings balance at December 30, 2005 to arrive at the adjusted beginning retained earnings balance at December 31, 2005.

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 consolidated variable interest entities ("VIE"). Fresh Del Monte's fiscal year end is the last Friday of the calendar year or the first Friday subsequent to the end

3. Summary of Significant Accounting Policies (continued)

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 prepared food 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.

During 2006, an investigation of a low level contamination of Fresh Del Monte's canned pineapple product from its Kenya operation was concluded, in which low levels of contamination were confirmed. In connection with that matter, Fresh Del Monte launched a product withdrawal and disposal program with respect to its Kenya canned pineapple prepared food products, which resulted in charges of $16.6 million included in cost of products sold related to contaminated inventory on hand and destruction costs. No contamination was detected in any other canned pineapple product tested as part of the investigation. The withdrawal was confined to certain European countries. Fresh Del Monte maintains product contamination insurance for these purposes, but cannot estimate any possible recoveries it may obtain with respect to this matter. Based on information currently available, Fresh Del Monte believes that no additional reserves with respect to this matter are currently required. In addition, Fresh Del Monte recorded $2.2 million in sales claims related to product returns from customers as a result of the Kenyan product withdrawal and disposal program.

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.

As a result of the decision to exit all production activities in Hawaii in 2006, Fresh Del Monte evaluated the need for a lower of cost or market adjustment to the deferred growing crops inventory in light of changes in

3. Summary of Significant Accounting Policies (continued)

circumstances resulting from inefficiencies associated with employee turnover, reductions in forecasted production volume and a decline in pineapple market prices and recorded $24.6 million in cost of products sold.

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 two VIE's. See note 7, "Investments in Unconsolidated Companies" and note 8, "Variable Interest Entities".

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.

Goodwill and Indefinite-Lived Intangible Assets Fresh Del Monte's goodwill represents the excess of the purchase price of business combinations over the fair value of the net assets of acquired. Fresh Del Monte assesses goodwill and indefinite-lived intangible assets for impairment with the assistance of an independent valuation firm on an annual basis as of October 1, or sooner if events indicate such a review is necessary. Potential impairment exists if the fair value of a reporting unit to which goodwill has been allocated or the fair value of indefinite-lived intangible assets, is less than their respective carrying values. The amount of the impairment to recognize, if any, is calculated as the amount by which the carrying value of goodwill exceeds its implied value or the amount of the carrying value of the intangible asset exceeds its fair 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 or indefinite-lived intangible assets are 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 and indefinite-lived intangible assets.

Based on the valuation performed as of October 1, 2006 and concluded during the fourth quarter of 2006, Fresh Del Monte determined that goodwill which resulted from the acquisition of Standard Fruit and Vegetable Co., Inc. ("Standard") was impaired. Accordingly, a charge to the carrying value of goodwill in the amount of $12.5 million was recorded and included in "Asset impairment and other charges" in 2006 related to the other

3. Summary of Significant Accounting Policies (continued)

fresh produce segment. As of December 29, 2006, Fresh Del Monte is not aware of any items or events that would cause further adjustment to the carrying value of goodwill.

The fair value of the Standard goodwill is highly sensitive to differences between estimated and actual cash flows and changes in the related discount rate used to evaluate Standard's fair value. 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 $5.3 million additional impairment loss related to this component.

As a result of the acquisition of Del Monte Foods Europe ("Del Monte Foods"), Fresh Del Monte acquired a perpetual, royalty-free license to use the Del Monte® brand for processed and/or canned foods in more than 100 countries throughout Europe, Africa and the Middle East. Included in other non-current assets at December 29, 2006 is an indefinite-lived intangible asset of $74.4 million related to this license. Based on the valuation performed as of October 1, 2006 and concluded during the fourth quarter of 2006, it was determined that the fair value was lower than the carrying value of this indefinite-lived intangible asset. Accordingly, an impairment charge of $8.9 million was recorded during 2006. This indefinite-lived asset 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. We estimate 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 result in a further impairment loss of approximately $1.0 million related to this asset.

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. For long-lived assets held for sale, Fresh Del Monte records impairment losses when the carrying amount is greater than the fair value less the cost to sell. Fresh Del Monte discontinues depreciation of long-lived assets when these assets are classified as held for sale and includes the net book value of these assets in prepaid expenses and other current assets. 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 5, "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 2006, 2005 and 2004 of $56.4 million, $3.1 million and $5.4 million, respectively. Such charges are included under the caption "Asset impairment and other charges" in the accompanying consolidated statements of operations for the years ended December 29, 2006, December 30, 2005 and December 31, 2004, respectively, and as described further in note 4, "Asset Impairment and Other Charges". 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

3. Summary of Significant Accounting Policies (continued)

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.

Revenue Recognition Revenue is recognized on sales of products when the customer agrees to the terms of the sale and 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.

In addition to the $24.6 million in cost of products sold related to Hawaii exit activities, Fresh Del Monte, incurred an additional $1.8 million in inventory write-offs recorded in cost of products sold as a result of the closure of the Italian production facility.

As a result of the Kenya product withdrawal and disposal program related to Fresh Del Monte's Kenyan canned pineapple prepared food products, $16.6 million in charges were included in cost of products sold related to contaminated inventory on hand and destruction costs. In addition, Fresh Del Monte recorded $2.2 million in sales claims related to product returns from customers as a result of the Kenya product withdrawal and disposal program.

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 $38.4 million, $27.5 million, and $14.6 million for 2006, 2005 and 2004, 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 $1.0 million, $0.9 million and $1.0 million, for 2006, 2005 and 2004, respectively. These amounts are included in the depreciation and amortization caption in the Consolidated Statements of Cash Flows for the years ended 2006, 2005 and 2004.

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, "Staff Accounting Bulletin No. 108".

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, "Benefit from 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".

3. Summary of Significant Accounting Policies (continued)

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 (loss) under the caption "Other income (expense), net."

Other income (expense), net, in the accompanying consolidated statements of operations includes $3.5 million and $2.6 million net losses and $9.3 million in net gains on foreign exchange for 2006, 2005 and 2004, 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.

During 2006, the Fresh Del Monte wrote-down its investment in Harvest Produce Holdings, LLC, Texas by $0.7 million to its fair value of $0.4 million, as a result of exit activities in North America. This charge was included in the other income (expense), net caption in the consolidated statements of operations. See note 7, "Investment in Unconsolidated Companies".

Stock-Based Compensation Effective December 31, 2005 (the first day of its 2006 fiscal year), Fresh Del Monte adopted Statement of Financial Accounting Standards No.123 (revised 2004), "Share-Based Payments" ("SFAS 123R"). Fresh Del Monte's share-based payments are composed entirely of stock-based compensation expense as all equity awards granted to employees and members of its Board of Directors, each of whom meets the definition of an employee under the provisions of SFAS 123R, are stock options. Fresh Del Monte adopted SFAS 123R using the modified prospective basis. Under this method, compensation costs recognized beginning December 31, 2005 included costs related to 1) all share-based payments granted prior to but not yet vested as of December 31, 2005, based on previously estimated grant-date fair values and 2) all share-based payments granted subsequent to December 30, 2005 based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. Fresh Del Monte has continued to use the Black-Scholes option pricing model to estimate the fair value of stock options granted subsequent to the date of adoption of SFAS 123R.

Stock-based compensation expense related to stock options for the year ended December 29, 2006, included in the determination of net loss before income taxes and net loss, totaled $6.6 million on the straight-line, single

3. Summary of Significant Accounting Policies (continued)

award basis, or $0.11 per diluted share, respectively, and are included in the accompanying consolidated statement of operations for the year ended December 29, 2006 in selling, general and administrative expenses. Fresh Del Monte is in a net operating loss position in the relevant jurisdictions. Therefore, for the year ended 2006, deferred tax assets related to stock-based compensation expense have been fully reserved and there was no reduction in taxes currently payable or related effect on cash flows as the result of excess tax benefits from stock options exercised in these periods. The amount of cash received from the exercise of stock options was $0.3 million for the year ended December 29, 2006.

Prior to December 31, 2005, the first day of Fresh Del Monte's 2006 fiscal year, Fresh Del Monte measured stock-based compensation expense using the intrinsic value method of accounting as prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations, but disclosed the pro forma effects on net earnings and earnings per share as if stock-based compensation expense had been recognized based upon the fair value-based method at the date of grant for stock options awarded consistent with the provisions of Statement of Financial Accounting Standards No.123 "Accounting for Stock-Based Compensation Expense" ("SFAS 123"). Fresh Del Monte's reported and pro forma information for the years ended December 30, 2005 and December 31, 2004 as follows (U.S. dollars in millions, except per share data):

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

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 and 2004.

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

3. Summary of Significant Accounting Policies (continued)

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.

Retirement and Other Employee Benefits Using appropriate actuarial methods and assumptions, Fresh Del Monte accounts for defined benefit pension plans in accordance with SFAS No. 87, "Employers' Accounting for Pensions" ("SFAS 87") and accounts for its other post-retirement benefit plans in accordance with SFAS No. 106, "Employers' Accounting for Post-retirement Benefits Other Than Pensions" ("SFAS 106") as amended by SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS 158").

Effective December 29, 2006 Fresh Del Monte adopted the provisions of SFAS 158 which requires that previously unrecognized actuarial gains or losses, prior service costs or credits and transition obligations or assets be recognized generally through adjustments to accumulated other comprehensive income and credits to prepaid benefit cost or accrued benefit liability. As a result of these adjustments, the current funded status of defined benefit pension plans and other post-retirement benefit plans is reflected in Fresh Del Monte's consolidated balance sheet as of December 29, 2006. See note 16, "Retirement and Other Employee Benefits".

The following table reflects the effects of the adoption of SFAS 158 on Fresh Del Monte's consolidated balance sheet (U.S. dollars in millions):

	December 29, 2006		
	Before application of SFAS 158	**Adjustments**	**After application of SFAS 158**
Deferred income tax assets, noncurrent	$ 45.4	$ 1.7	$ 47.1
Total assets	$2,080.5	$ 1.7	$2,082.2
Accounts payable and accrued expenses	$ 367.9	$ 3.3	$ 371.2
Total current liabilities	$ 400.9	$ 3.3	$ 404.2
Retirement benefits	$ 92.1	$(13.7)	$ 78.4
Total liabilities	$1,068.7	$(10.4)	$1,058.3
Accumulated other comprehensive income	$ 4.9	$ 12.1	$ 17.0
Total shareholders' equity	$ 999.6	$ 12.1	$1,011.7
Total liabilities and shareholders' equity	$2,080.5	$ 1.7	$2,082.2

Reclassifications Certain amounts from 2005 and 2004 have been reclassified to conform to the 2006 presentation.

3. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements In June 2006, the FASB issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with SFAS No. 109, “Accounting for Income Taxes”. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. Fresh Del Monte is currently evaluating the impact of adopting FIN 48.

In September 2006, the FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 157,” Fair Value Measures” (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measures required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. Fresh Del Monte is currently evaluating the impact of adopting SFAS No. 157.

In September 2006, FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans” (“SFAS 158”). Effective December 29, 2006, Fresh Del Monte adopted the provisions of SFAS 158 and the resulting adjustments are reflected in the Fresh Del Monte’s consolidated balance sheet as of December 29, 2006. SFAS 158’s provisions regarding the change in measurement date are effective for fiscal year ended December 2008. Fresh Del Monte has determined that the change in measurement date from November 30th to the fiscal year end balance sheet date will have an immaterial impact on Fresh Del Monte’s consolidated financial statements. See note 16, “Retirement and Other Employee Benefits”.

In September 2006, the FASB issued FASB Staff Position No. AUG AIR-1, “Accounting for Planned Major Maintenance Activities” (“FSP AUG AIR-1”). FSP AUG AIR-1 eliminates the “accrue –in-advance” method of accounting for planned major maintenance activities that is permitted in the AICPA Industry Audit Guide, Audits of Airlines. The guidance in FSP AUG AIR-1 is applicable to all industries. As a result of the elimination of the accrue-in-advance method, the Airline Guide currently permits the use of one of the following three remaining methods: (1) direct expensing, (2) built-in overhaul, and (3) deferral. The effective date of FSP AUG AIR-1 is for fiscal years beginning after December 15, 2006 and requires retrospective application to all prior period results presented. Fresh Del Monte has been accruing for certain major maintenance activities associated with the periodic major overhauls of its fleet of vessels under the accrue-in-advance method. Fresh Del Monte is currently evaluating the impact of adopting FSP AUG AIR-1.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115” (“SFAS 159”). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS 159 is effective for Fresh Del Monte on December 29, 2007, the first day of Fresh Del Monte’s 2008 fiscal year. Fresh Del Monte is evaluating the impact, if any, that the adoption of SFAS 159 will have on its consolidated financial statements.

4. Asset Impairment and Other Charges

Fresh Del Monte recorded asset impairment and other charges totaling $105.3 million, $3.1 million and $5.4 million for the years ended 2006, 2005 and 2004, respectively, which were the result of exit activities and asset impairments.

The following represents a summary of asset impairment and other charges for the years ended 2006, 2005 and 2004. (U.S. dollars in millions):

	Years ended						
	December 29, 2006			December 30, 2005		December 31, 2004	
	Asset Impairment Charges	Other Charges	Totals	Asset Impairment Charges	Totals	Asset Impairment Charges	Totals
Charges related to asset impairments	$50.1	$ —	$ 50.1	$—	$—	$ 5.4	$ 5.4
Charges related to exit activities	33.9	21.3	55.2	3.1	3.1	—	—
Total asset impairment and other charges	$84.0	$21.3	$105.3	$ 3.1	$ 3.1	$ 5.4	$ 5.4

Included in the $105.3 million for the year ended 2006 are $50.1 million of asset impairment charges related to underutilized facilities and other assets in Europe, Africa and North America and $55.2 of asset impairments, one-time termination benefits and contract termination charges resulting from exit activities. Included in the $3.1 million for the year ended 2005 are asset impairment charges related to exit activities in South Africa and North America. Included in the $5.4 million of asset impairment charges for the year ended 2004 are charges related to underutilized and obsolete equipment in North America and the United Kingdom.

The following represents the detail of asset impairment and exit activity charges for the year ended December 29, 2006 (U.S. dollars in millions):

	Banana and Other Fresh Produce Segments			Prepared Foods Segment		Other Products and Services Segment	
	North America	Europe	Africa	Europe	Africa	North America	Totals
Impairment of long lived assets including definite-lived intangible assets	$ 7.7	$ 9.5	$10.3	$14.2	$ 7.5	$ 7.2	$ 56.4
Impairment of goodwill and indefinite-lived intangible assets	12.5	6.2	—	8.9	—	—	27.6
Total asset impairment charges	20.2	15.7	10.3	23.1	7.5	7.2	84.0
One time termination benefits, contract termination costs and other exit activity charges	12.7	2.7	—	5.9	—	—	21.3
Total asset impairment and other charges	$32.9	$18.4	$10.3	$29.0	$ 7.5	$ 7.2	$105.3

A significant portion of the 2006 impairment of the long lived assets including definite-lived intangible assets relates to (1) underutilized facilities and equipment in South Africa in the other fresh produce segment, (2) the closure of the Italian production facility and equipment in the prepared food segment and (3) the rationalization of the South African canning operation in the prepared foods segment.

4. Asset Impairment and Other Charges (continued)

The 2006 impairment of goodwill and indefinite-lived intangible assets resulted primarily from (1) the impairment of the goodwill related to the North America Standard acquisition which experienced lower than expected volumes related to the other fresh produce segment and (2) the impairment of the Del Monte Foods indefinite-life intangible of a perpetual, royalty-free brand name license due to a discontinued product line and the highly competitive market in the United Kingdom in the prepared foods segment.

Included in the 2006 one time termination benefits, contract termination costs and other exit activity charges are charges related primarily to (1) the previously announced decision to exit the Hawaiian production operations included in the other fresh produce segment and (2) the closure of the Italian production facility included in the prepared foods segment. Fresh Del Monte expects to pay approximately $19.9 million during 2007 and $2.1 million during 2008 in termination benefits and contract obligations related to the exit of the Hawaiian production operations and the closure of the Italian production facility.

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 the underutilization of certain machinery and equipment in the United Kingdom, North America and South America related to the banana and other fresh produce segments, asset impairment charges of $5.4 million were recorded in 2004.

5. 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 foodservice 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.

In 2006, Fresh Del Monte recorded an asset impairment charge of $7.2 million related to the unamortized portion of a lease franchise agreement, a definite-lived intangible asset, valued as part of the Can Am acquisition. Refer to note 4, “Asset Impairment and Other Charges” and note 10, “Goodwill and Other Intangible Assets”.

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

5. Acquisitions (continued)

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. 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 was 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

In 2006, Fresh Del Monte recorded an asset impairment charge of $8.9 million related an indefinite-lived intangible asset valued as part of the Del Monte Foods acquisition. Refer to note 4, “Asset Impairment and Other Charges” and note 10, “Goodwill and Other Intangible Assets”.

Unaudited Pro Forma Disclosures

The following unaudited pro forma information presents a summary of consolidated results of operations for the year ended December 30, 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):

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

5. Acquisitions (continued)

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.

6. Inventories

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

	December 29, 2006	December 30, 2005
Finished goods	$187.4	$177.5
Raw materials and packaging supplies	117.5	101.4
Growing crops	100.4	109.8
Total inventories	$405.3	$388.7

7. 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 $11.8 million and $13.5 million at December 29, 2006 and December 30, 2005, respectively. At December 29, 2006 and December 30, 2005, net amounts receivable from unconsolidated companies amounted to $0.7 million and $0.6 million, respectively.

Investments in unconsolidated companies consisted of the following at December 29, 2006:

Company	Business	Ownership Interest
Melones Del Pacifico, S.A.	Melon production	50%
Melones De Costa Rica, S.A.	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%
Cartorama S.A.	Carton box corrugators	10%

Fresh Del Monte is fully consolidating the financial position and results of operations of Davao Agricultural Ventures Corporation and Southern Fresh Products, Inc, previously unconsolidated 40%-owned investments, as both were determined to be VIE's. See note 8, "Variable Interest Entities".

Purchases from unconsolidated companies were $60.8 million, $55.4 million and $54.7 million for 2006, 2005 and 2004, respectively.

7. Investments in Unconsolidated Companies (continued)

Combined financial data of unconsolidated companies accounted for under the equity method is summarized as follows (U.S. dollars in millions)(unaudited):

	December 29, 2006	December 30, 2005
Current assets	$10.5	$12.8
Noncurrent assets	21.5	22.0
Current liabilities	(6.1)	(5.4)
Noncurrent liabilities	(2.1)	(2.8)
Net worth	$23.8	$26.6

	Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004
Net sales	$73.2	$61.5	$61.0
Gross profit	$ 3.0	$ 1.3	$ 5.2
Net loss	$ (1.5)	$ (3.9)	$ (1.5)

Fresh Del Monte's portion of earnings in unconsolidated companies amounted to losses of $1.6 million, $2.1 million and $0.1 million in 2006, 2005 and 2004, respectively, and is included in other income (expense), net. Dividends received from unconsolidated subsidiaries amounted to $0.4 million and $0.1 million in 2005 and 2004, respectively. The portion of earnings in unconsolidated companies includes a write-down of the investment in Harvest Produce Holdings, LLC, Texas of $0.7 million, as a result of exit activities in North America. This charge was included in the Other Income (Expense), Net caption in the Consolidated Statements of Operations. See note 3, "Summary of Significant Accounting Policies". There were no dividends received from unconsolidated subsidiaries in 2006.

8. Variable Interest Entities

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 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. In 2005, Fresh Del Monte acquired a 40% equity investment in Southern Fresh Products, Inc ("Southern"), which began to show activity during 2006. Davco and Southern are Del Monte gold pineapple producers in the Philippines that sell all of their pineapple to Fresh Del Monte and in which Fresh Del Monte has a 40% equity investment. At December 29, 2006 and December 30, 2005, Davco had approximately $0.6 million and $1.2 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. Southern had approximately $6.0 million in long term debt at December 29, 2006, that is collateralized by its property, plant and equipment,

8. Variable Interest Entities (continued)

primarily composed of buildings and machinery, various properties of the 60% majority equity investor and further guaranteed by a $2.8 million standby letter of credit issued by Fresh Del Monte.

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

Financial highlights for Davco and Southern are as follows: (U.S. dollars in millions):

	December 29, 2006		December 30, 2005	
	Davco	Southern	Davco	Southern
Inventory	$5.7	$ 3.5	$4.4	$ 0.9
Current assets	7.0	4.4	6.3	2.5
Other assets	5.0	7.6	3.8	1.6
Accounts payable and other accruals	2.4	0.6	1.3	0.4
Current portion of long-term debt	0.5	—	0.5	—
Long-term debt	0.1	6.0	0.7	—
Minority interest, currency translation losses and other equity	8.4	6.3	8.0	3.6

	Years ended					
	December 29, 2006		December 30, 2005		December 31, 2004	
	Davco	Southern	Davco	Southern	Davco	Southern
Net sales	$ 8.0	$2.0	$8.4	$—	$5.5	$—
Gross profit (loss)	(0.6)	0.1	1.0	(0.2)	0.7	—
Net income (loss)	(0.1)	0.1	0.3	(0.1)	0.2	—

9. Property, Plant and Equipment

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

	December 29, 2006	December 30, 2005
Land and land improvements	$ 327.4	$ 309.3
Buildings and leasehold improvements	281.9	287.7
Machinery and equipment	294.1	310.1
Maritime equipment (including containers)	251.4	251.4
Furniture, fixtures and office equipment	89.3	103.5
Automotive equipment	35.4	43.6
Construction-in-progress	60.5	56.4
	1,340.0	1,362.0
Less: accumulated depreciation and amortization	(499.5)	(469.0)
Property, plant and equipment, net	$ 840.5	$ 893.0

9. Property, Plant and Equipment (continued)

Depreciation and amortization expense on property, plant and equipment including assets under capital leases, amounted to $81.6 million, $81.5 million and $68.5 million for 2006, 2005 and 2004, respectively.

Buildings, containers, machinery and equipment and automotive equipment under capital leases totaled $60.1 million and $68.8 million at December 29, 2006 and December 30, 2005, respectively. Accumulated amortization for assets under capital leases was $30.7 million and $29.7 million at December 29, 2006 and December 30, 2005, respectively.

10. 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 29, 2006 and December 30, 2005 (U.S. dollars in millions):

	Year ended December 29, 2006				
	Beginning	Acquisitions	Foreign Exchange and Other	Charges	Ending
Bananas	$ 38.9	$—	$ 5.0	$ —	$ 43.9
Other fresh produce	138.3	0.4	(4.8)	(12.5)	121.4
Other products and services	2.5	—	(0.2)	—	2.3
Prepared food	69.6	—	14.7	—	84.3
Totals	$249.3	$ 0.4	$14.7	$(12.5)	$251.9

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

In accordance with SFAS No. 142*,* Goodwill and Other Intangible Assets, effective December 29, 2001, Fresh Del Monte reviews goodwill for impairment on an annual basis or sooner if indicators of impairment arise. Based on the valuation performed as of October 1, 2006 and concluded during the fourth quarter of 2006, Fresh Del Monte determined that goodwill which resulted from the acquisition of Standard on January 27, 2003 was impaired as a result of less than expected volumes. Accordingly, a charge to the carrying value of goodwill in the amount of $12.5 million was recorded in 2006 related to the other fresh produce segment. As of December 29, 2006, Fresh Del Monte is not aware of any items or events that would cause a further adjustment to the carrying value of goodwill. See note 3, "Summary of Significant Accounting Policies".

As a result of the acquisition of Del Monte Foods Europe ("Del Monte Foods"), Fresh Del Monte acquired a perpetual, royalty-free license to use the DEL MONTE® brand for processed and/or canned foods in more than 100 countries throughout Europe, Africa and the Middle East. Included in other non-current assets at

10. Goodwill and Other Intangible Assets (continued)

December 29, 2006 is an indefinite-lived intangible asset of $74.4 million related to this license. Based on the valuation performed as of October 1, 2006 and concluded during the fourth quarter of 2006, it was determined that its carrying value was lower than the fair value of this indefinite-lived intangible asset as a result of a discontinued product line. Accordingly, an impairment charge of $8.9 million was recorded during 2006.

During 2005, Fresh Del Monte finalized the valuation of the net assets acquired related to the Can-Am acquisition. See note 5, “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 29, 2006 under the title “Foreign Exchange and Other”. During 2006, Fresh Del Monte wrote-off the remaining unamortized value of the lease franchise agreement of $7.2 million due to underutilization of this long-lived intangible asset, see note 4, “Asset Impairment and Other Charges”.

Fresh Del Monte also wrote-off the remaining unamortized value of a customer list intangible of $2.1 million due to underutilization.

Amortizable intangible assets included in the accompanying consolidated balance sheet in other noncurrent assets as of December 29, 2006 are related to non-compete agreements and as of December 30, 2005 are related to a franchise agreement and non-compete agreements. Amortization expense related to amortizable intangible assets totaled $1.1 million, $6.4 million and $6.1 million for 2006, 2005 and 2004, respectively.

The following table reflects Fresh Del Monte’s intangible assets and related accumulated amortization (U.S. dollars in millions):

	Franchise Agreement		Non-compete Agreements and others	
	December 29, 2006	December 30, 2005	December 29, 2006	December 30, 2005
Intangible assets, gross	$—	$ 8.4	$ 6.8	$10.2
Accumulated amortization	—	(0.8)	(6.3)	(6.5)
Intangible assets, net	$—	$ 7.6	$ 0.5	$ 3.7

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

2007	$ 0.5
2008 and forward	—

11. Accumulated Other Comprehensive Income (Loss)

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

	Unrealized Gain (Loss) on Derivatives	Currency Translation Adjustment	Minimum Pension Liability	SFAS No. 158 Adoption	Total
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)
Current year net change in other comprehensive income (loss)	(34.3)	43.9	(1.6)	—	8.0
Impact of adoption of SFAS No. 158	—	—	—	12.1	12.1
Balance at December 29, 2006	$ 0.7	$ 8.8	$(4.6)	$12.1	$ 17.0

On December 29, 2006, Fresh Del Monte adopted SFAS 158, which requires the recognition of the funded status of defined benefit pension plans on the consolidated balance sheets and the corresponding offset to accumulated other comprehensive loss. As a result of adopting SFAS 158, Fresh Del Monte recorded $12.1 million to accumulated other comprehensive income at December 29, 2006. SFAS 158 also requires measurement of plan assets and benefit obligations as of the date of Fresh Del Monte's balance sheet effective for Fresh Del Monte's fiscal year 2008. Fresh Del Monte does not expect that the change in measurement date will have a material impact on its results of operations, financial position or cash flows.

12. Accounts Payable and Accrued Expenses

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

	December 29, 2006	December 30, 2005
Trade and other payables	$146.7	$153.4
Accrued fruit purchases	15.7	39.0
Vessel and port operating expenses	22.3	27.3
Payroll and employee benefits	32.1	26.2
Accrued promotions	9.8	13.9
Other accrued expenses	144.6	111.3
Accounts payable and accrued expenses	$371.2	$371.1

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. Benefit from Income Taxes

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

	Years ended		
	December 29, 2006	December 30, 2005	December 26, 2004
Current:			
U.S. federal income tax	$—	$(0.5)	$(34.5)
State	0.4	0.2	(1.1)
Non-U.S.	6.1	(0.8)	5.3
	$ 6.5	$(1.1)	$(30.3)
Deferred:			
U.S. federal income tax	$(1.4)	$(6.3)	$ 13.5
State	(0.2)	(0.7)	2.5
Non-U.S.	(5.4)	(0.2)	2.1
	$(7.0)	$(7.2)	$ 18.1
Benefit from income taxes	$(0.5)	$(8.3)	$(12.2)

Total income tax payments during 2006, 2005 and 2004 were $2.3 million, $3.0 million and $7.9 million, respectively.

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

	Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004
United States	$ (88.4)	$ (35.2)	$ 2.5
Non-U.S.	(57.2)	133.5	124.5
	$(145.6)	$ 98.3	$127.0

The differences between the reported benefit from 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):

	Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004
Income tax (benefit) provision computed at U.S. statutory federal rate	$(51.0)	$ 34.4	$ 44.4
Effect of tax rates on non-U.S. operations	(33.7)	(102.6)	(87.3)
Provision for (reversal of) accruals for tax contingencies	1.5	(3.1)	(16.9)
Net operating losses utilized in settlement of U.S. federal income tax audit	—	—	10.0
Non-taxable differences	4.7	(6.2)	(4.4)
Increase in valuation allowance	82.7	72.2	42.4
Other	(4.7)	(3.0)	(0.4)
Reported benefit from income taxes	$ (0.5)	$ (8.3)	$(12.2)

13. Benefit from Income Taxes (continued)

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

	December 29, 2006	December 30, 2005
Deferred tax liabilities		
Current:		
Inventories	$ (16.1)	$ (16.1)
Total current deferred tax liabilities	(16.1)	(16.1)
Noncurrent:		
Property, plant and equipment	(65.3)	(62.8)
Equity in earnings of unconsolidated companies	(2.8)	(3.1)
Total noncurrent deferred tax liabilities	(68.1)	(65.9)
Total current and noncurrent deferred tax liabilities	$ (84.2)	$ (82.0)
Deferred tax assets:		
Current:		
Allowances and other accrued liabilities	$ 8.3	$ 6.5
Total current deferred tax assets	8.3	6.5
Noncurrent:		
Pension liability	18.3	16.9
Post-retirement benefits other than pension	2.9	9.1
Net operating loss carryforwards	240.1	161.8
Capital Loss Carryover	33.7	28.3
Other, net	28.1	19.8
Total noncurrent deferred tax assets	323.1	235.9
Valuation allowance	(276.0)	(197.9)
Total noncurrent deferred tax assets, net	47.1	38.0
Total deferred tax assets, net	55.4	44.5
Deferred tax liabilities, net	$ (28.8)	$ (37.5)

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 2006 and 2005, the valuation allowance increased by $78.1 million and $72.2 million, respectively. The increase in the valuation allowance in 2006 relates primarily to valuation allowances on net operating loss carryforwards generated during the year.

Included in the 2006 change in the valuation allowance is a reduction of $5.2 million related to accumulated other comprehensive income (loss) and an increase of $0.6 million related to other comprehensive income (loss) as a result of the adoption of SFAS 158. As of December 29, 2006 and December 30, 2005, $39.2 million and $34.7 million, respectively, 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 benefits from net operating losses carried forward, from Del Monte Foods, may be impacted and/or limited in certain circumstances. Future reduction of

13. Benefit from Income Taxes (continued)

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.

At December 29, 2006, Fresh Del Monte had approximately $815.1 million of tax operating loss carryforwards expiring as follows (U.S. dollars in millions):

2007	$ 3.8
2008	7.0
2009	3.5
2010 and beyond	249.6
No expiration	551.2
	$815.1

Included in the total tax operating loss carryforwards at December 29, 2006, Fresh Del Monte had $16.0 million of loss carryforwards for U.S. tax purposes resulting from stock option exercises in 2004, 2005 and 2006 which have expiration dates beginning in 2023.

At December 29, 2006, Fresh Del Monte had state tax operating loss carryforwards ranging up to $13.7 million, which have various expiration dates within the years 2008-2025.

Fresh Del Monte is currently undergoing tax audits in several jurisdictions for certain years prior to 2002. The accruals for the audits, if any, are included in other noncurrent liabilities in the accompanying consolidated balance sheets. Fresh Del Monte believes the amounts accrued as of December 29, 2006 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 29, 2006 and December 30, 2005, there was $13.7 million and $12.2 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 29, 2006	December 30, 2005
$600.0 million five-year syndicated bank loan (see Revolving Credit Facility below) due November 2009	$297.1	$330.1
$150.0 million Tranche No. 1 incremental term loan amortizing quarterly and maturing on May 11, 2011	147.2	—
Various other notes payable	12.6	8.5
Capital lease obligations	13.0	22.2
Total long-term debt and capital lease obligations	469.9	360.8
Less: Current portion	(7.8)	(11.7)
Long-term debt and capital lease obligations	$462.1	$349.1

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 (“Credit Facility”), with Rabobank Nederland, New York Branch, as administrative agent. On November 9, 2004, the 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. On February 14, 2006, the Credit Facility was amended to increase the allowable repurchase by Fresh Del Monte of its common stock in an aggregate amount not to exceed $300.0 million.

On May 10, 2006, the Credit Facility was amended to permit borrowing under the term loan commitment of up to $150.0 million. On May 10, 2006, Fresh Del Monte borrowed $150.0 million of the available term loan commitment and used the proceeds to re-pay a portion of the revolving facility. The term loan is a five- year amortizing loan with quarterly payments of principal and interest. The interest rate (7.8750% at December 29, 2006) is based on a spread over London Interbank Offer Rate (“LIBOR”).

The 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 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”) (7.8993% at December 29, 2006). At December 29, 2006 and December 30, 2005, $444.3 million (including the term loan) and $330.1 million, respectively, was outstanding under the Credit Facility.

The 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 29, 2006, Fresh Del Monte was in compliance with all of the financial and other covenants contained in the Credit Facility.

At December 29, 2006 and December 30, 2005, Fresh Del Monte had $287.0 million and $243.8 million, respectively, available under committed working capital facilities, primarily all of which is represented by the Credit Facility. The Credit Facility also includes a swing line facility and a letter of credit facility. At December 29, 2006 and December 30, 2005, Fresh Del Monte applied $18.2 million and $27.9 million, respectively, to the letter of credit facility, comprised primarily of certain contingent obligations and other governmental agencies guarantees combined with guarantees for purchases of raw materials and equipment.

14. Long-Term Debt and Capital Lease Obligations (continued)

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
2007	$ 5.6	$ 6.0	$ 11.6
2008	5.3	4.0	9.3
2009	303.4	3.0	306.4
2010	6.6	0.7	7.3
2011	134.0	0.1	134.1
Thereafter	2.1	—	2.1
	457.0	13.8	470.8
Less: Representing interest	—	(0.9)	(0.9)
	457.0	12.9	469.9
Less: Current portion	$ (1.8)	(6.0)	(7.8)
Totals, net of current portion of long-term debt and capital lease obligations	$455.2	$ 6.9	$462.1

Cash payments of interest on long-term debt, net of amounts capitalized, were $24.0 million, $14.9 million, and $4.2 million for 2006, 2005 and 2004, respectively.

15. Net (Loss) Income Per Ordinary Share

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

	Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004
Numerator:			
Net (loss) income	$ (145.1)	$ 106.6	$ 139.2
Denominator:			
Weighted average number of ordinary shares - Basic	57,819,416	57,926,466	57,487,131
Effect of dilutive securities - employee stock options	—	150,816	316,027
Weighted average number of ordinary shares - Diluted	57,819,416	58,077,282	57,803,158
Net (loss) income per ordinary share:			
Basic	$ (2.51)	$ 1.84	$ 2.42
Diluted	$ (2.51)	$ 1.84	$ 2.41

As a result of the net loss in 2006 and in the fourth quarter of 2005, the calculation of diluted earnings per share is anti-dilutive and, therefore, in 2006 and 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.

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.

On November 21, 2006, Fresh Del Monte announced the accelerated closing of the Hawaii production facility. All active participants ceased accruing benefits and all participants were deemed to be 100% vested under the plan. This change which affected both non-contributory defined benefit plans, resulted in an immaterial impact to Fresh Del Monte's net loss for the year ended December 29, 2006 and shareholders' equity at December 29, 2006.

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

	December 29, 2006	December 30, 2005	Target Asset Allocation
Equity securities	62%	64%	40%-65%
Debt securities	38%	33%	20%-55%
Cash and cash equivalents	—	3%	0%-15%

Asset allocation targets promote optimal expected return and volatility characteristics given the long-term time horizon for fulfilling the obligations of the pension plans. Selection of the targeted asset allocation for U.S. plan assets was based upon a review of the expected return and risk characteristics of each asset class, as well as the correlation of returns among asset classes.

Investment guidelines are established with each investment manager. These guidelines provide the parameters within which the investment managers agree to operate, including criteria that determine eligible and ineligible securities, diversification requirements and credit quality standards, where applicable. Unless exceptions have been approved, investment managers are prohibited from buying or selling commodities, futures or option contracts, as well as from short selling of securities. Furthermore, investment managers agree to obtain written approval for deviations from stated investment style or guidelines.

The expected long-term rate of return assumption for U.S. plan assets is based upon the target asset allocation and is determined using forward-looking assumptions in the context of historical returns and volatilities for each asset class, as well as correlations among asset classes. Fresh Del Monte evaluates the rate of return assumption on an annual basis. The actual returns on plan assets for 2006 and 2005 were 14.6% and 3.3%, respectively.

Assumptions

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 rate of return on plan assets for Fresh Del Monte's defined benefit pension plans consisted of the following:

	December 29, 2006	December 30, 2005
Weighted average discount rate	5.50% - 5.75%	5.50% - 5.75%
Rate of increase in compensation levels	3.50%	3.50%
Expected long-term rate of return on assets	7.50%	7.50%

16. Retirement and Other Employee Benefits (continued)

Cash Flows

Fresh Del Monte funds all pension plans in amounts consistent with applicable laws and regulations. Fresh Del Monte expects to contribute approximately $1.3 million to its U.S. based defined benefit pension plans in 2007. Benefit payments under the pension plans over the next 10 years are expected to total $12.4 million and average approximately $1.2 million per year.

The accumulated benefit obligation for the U.S. based defined benefit pension plans is $19.9 million and $19.4 million at December 29, 2006 and December 30, 2005, respectively. Fresh Del Monte recorded, in accordance with SFAS 87, an additional minimum pension liability of $1.6 million and $3.5 million, respectively, as "Retirement benefits" in the accompanying consolidated balance sheets at December 29, 2006 and December 30, 2005, which resulted in an increase directly to shareholders' equity of $1.9 million in 2006 and a charge to shareholders' equity of $1.0 million in 2005.

U.S. Based Post-Retirement Healthcare Plans

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 SFAS 106. SFAS 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.

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.

Effective June 1, 2006, Fresh Del Monte amended its retiree medical and life insurance plans to eliminate coverage for its non-union retirees. This resulted in an unrecognized prior service credit and a reduction of the accumulated post-retirement benefit obligation of $10.4 million accounted for as a plan amendment as of June 1, 2006. Fresh Del Monte recognized $0.8 million of the unrecognized prior service credit resulting from the June 1st plan amendment as net periodic post-retirement benefit cost during 2006.

On November 21, 2006, Fresh Del Monte announced the accelerated closing of the Hawaii production facility to active union employees. The affected union employees were covered by the ILWU Local 42 collective bargaining agreement ("CBA"). Due to the accelerated closing, participants in the retiree medical and life insurance plans will not accrue benefits or eligibility. In addition, the CBA will not be re-negotiated and will expire in April 2009 along with any benefits provided to retirees by retiree medical and life insurance plans. In accordance with Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" ("SFAS 88") and SFAS 106, an unrecognized prior service credit of $7.5 million arising due to the June 1, 2006 plan amendment was

16. Retirement and Other Employee Benefits (continued)

recognized as a curtailment gain in proportion to the active union employees who terminated as of December 29, 2006 and is included as a reduction to asset impairment and other charges in the consolidated statements of operations. The majority of the remaining $2.1 million unrecognized prior service credit occurring as a result of the June 1, 2006 plan amendment will be recognized in 2007 based on employee turnover. The expiration of the CBA in April 2009 will result in a reduction of the accumulated post-retirement benefit obligation of $5.4 million, which will be recognized in the results of operations ratably based on employee turnover through April 2009.

Assumptions

The assumptions used in determining the accumulated post-retirement benefit obligation, which is the same as the expected post-retirement benefit obligation as a result of the accelerated closing since only eligible employees are accounted for in determining the accumulated post-retirement benefit obligation as of December 29, 2006 for Fresh Del Monte's U.S. based post-retirement healthcare plans consisted of the following:

	December 29, 2006	December 30, 2005
Weighted average discount rate	5.75%	5.50%
Health care cost trend rate assumed for next year	9.50%	10.25%
Rate to which the cost trend rate is a assumed to decline (the ultimate trend rate)	5%	5%
Year that the rate reaches the ultimate trend rate	2013	2013

Assumed health care cost trends have a significant effect on the amounts reported for the post-retirement healthcare plans. A one-percentage point change in the assumed healthcare cost trend rate would have the following effects (U.S. dollars in millions):

	December 29, 2006	
	One Percentage Point Increase	One Percentage Point Decrease
Effect on accumulated post-retirement benefit obligation	0.2	(0.1)
Effect on total service cost and interest cost in 2006	0.2	(0.2)

Cash Flows

Benefit payments under the post-retirement healthcare plans over the next 3 years are expected to total $1.6 million and average approximately $0.5 million per year.

Benefit Obligations, Plan Assets and Funded Status

The benefit obligation is the projected benefit obligation for defined benefit pension plans and the accumulated post-retirement benefit obligation for post-retirement benefit plans other than pensions.

16. Retirement and Other Employee Benefits (continued)

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 healthcare plans as of November 30, 2006 and November 30, 2005, which are also their measurement dates (U.S. dollars in millions):

	Pension Plans		Post-retirement Plan	
	November 30, 2006	November 30, 2005	November 30, 2006	November 30, 2005
Change in Benefit Obligation:				
Beginning benefit obligation	$20.2	$19.9	$ 20.3	$ 18.5
Service cost	0.5	0.5	0.1	0.1
Interest cost	1.0	1.1	0.8	1.1
Actuarial (gain) loss	(0.6)	(0.2)	(1.6)	0.8
Benefits paid	(0.9)	(0.8)	(0.3)	(0.2)
Curtailments	(0.3)	—	(7.5)	—
Amendments and other	(0.1)	(0.3)	(8.3)	—
Ending benefit obligation	19.8	20.2	3.5	20.3
Change in Plan Assets:				
Beginning fair value	12.0	12.0	—	—
Actual return on plan assets	1.9	0.3	—	—
Company and employee contributions	1.9	0.5	0.3	0.2
Benefits paid	(0.9)	(0.8)	(0.3)	(0.2)
Ending fair value	14.9	12.0	—	—
Reconciliation of Accruals:				
Funded status	(4.9)	(8.2)	(3.5)	(20.3)
Prior service benefit	—	—	7.5	—
Unrecognized gain (loss)	—	(0.8)	1.8	0.2
Additional minimum liability	(1.6)	(3.5)	—	—
Accrued benefit costs	$ (3.3)	$ (3.9)	$(12.8)	$(20.5)
Amounts recognized in the Consolidated Balance Sheets(1):				
Accounts payable and accrued expenses	0.1	—	0.6	—
Retirement benefits	4.8	7.4	2.9	20.5
Net amount recognized in the Consolidated Balance Sheets	$ 4.9	$ 7.4	$ 3.5	$ 20.5
Amounts recognized in Accumulated other comprehensive income (loss)(1):				
Additional minimum liability	(1.6)	(3.5)	—	—
Prior service benefit	—	—	7.5	—
Net actuarial gain	—	—	1.8	—
Net amount recognized in the Consolidated Statements of Shareholders' Equity	$ (1.6)	$ (3.5)	$ 9.3	$ —

(1) Effective December 29, 2006, Fresh Del Monte adopted SFAS 158.

16. Retirement and Other Employee Benefits (continued)

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

	Pension Plans			Postretirement Plan		
	Years ended			Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004	December 29, 2006	December 30, 2005	December 31, 2004
Service cost	$ 0.5	$ 0.5	$ 0.4	$ 0.1	$ 0.1	$ 0.1
Interest cost	1.0	1.1	1.1	0.8	1.1	1.2
Curtailment gain	—	—	—	(7.5)	—	—
Expected return on assets	(0.9)	(0.9)	(0.9)	—	—	—
Net amortization	0.9	0.1	0.1	(0.9)	—	—
Net periodic costs	$ 1.5	$ 0.8	$ 0.7	$(7.5)	$ 1.2	$ 1.3

United Kingdom Defined Benefit Pension Plan

Fresh Del Monte 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. 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 and SFAS 158.

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

	December 29, 2006	December 30, 2005
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. 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 29, 2006 and December 30, 2005 was 8.7% and 21.4%, 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.

Assumptions

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 rate of return on plan assets for the UK plan consisted of the following:

	December 29, 2006	December 30, 2005
Weighted average discount rate	5.00%-5.10%	5.00%-5.60%
Rate of increase in compensation levels	2.75%-2.90%	2.75%-4.00%
Expected long-term rate of return on assets	6.75%	7.50%

16. Retirement and Other Employee Benefits (continued)

Cash Flows

Fresh Del Monte expects to contribute approximately $2.2 million to the UK plan in 2007, estimated using the British pound sterling to U.S. dollar exchange rate as of December 29, 2006. Benefit payments under the UK plan over the next 10 years are expected to total $20.6 million and range ratably between $1.5 million in 2007 and $2.4 million in 2016.

Benefit Obligations, Plan Assets and Funded Status

The following table sets forth a reconciliation of benefit obligation, plan assets and funded status for the UK plan as of November 30, 2006 and November 30, 2005, which are also the plan's measurement dates (U.S. dollars in millions):

	November 30, 2006	November 30, 2005
Change in Benefit Obligation:		
Beginning benefit obligation	$ 59.9	$ 64.2
Service cost	—	1.9
Interest cost	3.4	3.3
Actuarial loss (gain)	0.1	(0.3)
Benefits paid	(1.5)	(2.2)
Exchange rate changes	8.3	(7.0)
Ending benefit obligation	70.2	59.9
Change in Plan Assets:		
Beginning fair value	31.8	29.8
Actual return on plan assets	3.3	6.6
Company and employee contributions	1.5	1.1
Benefits paid	(1.5)	(2.2)
Exchange rate changes	4.5	(3.5)
Ending fair value	39.6	31.8
Reconciliation of Accruals:		
Funded status	(30.6)	(28.1)
Unrecognized gain	5.9	4.5
Accrued benefit costs	$(36.5)	$(32.6)
Amounts recognized in the Consolidated Balance Sheets(1):		
Retirement benefits	30.6	32.6
Net amount recognized in the Consolidated Balance Sheets	$ 30.6	$ 32.6
Amounts recognized in Accumulated other comprehensive income (loss) (1):		
Net actuarial gain	5.9	—
Net amount recognized in the Consolidated Statements of Shareholders' Equity	$ 5.9	$ —

(1) Effective December 29, 2006, Fresh Del Monte adopted SFAS 158.

16. Retirement and Other Employee Benefits (continued)

The following table sets forth the net periodic pension cost of the UK plan (U.S. dollars in millions):

	Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004
Service cost	$ —	$ 1.9	$ 0.6
Interest cost	3.4	3.3	0.9
Expected return on assets	(2.4)	(2.1)	(0.7)
Net periodic costs	$ 1.0	$ 3.1	$ 0.8

Central American Plans

Fresh Del Monte provides retirement benefits to employees of certain Costa Rican and Guatemalan subsidiaries ("Central American plans"). Generally, benefits under these programs are based on an employee's length of service and level of compensation. These programs are commonly referred to as termination indemnities, which provide retirement benefits in accordance with programs mandated by the Costa Rican and Guatemalan governments. Funding generally occurs when employees cease active service. The Central American plans are accounted for pursuant to SFAS 87 and SFAS 158.

Assumptions

The assumptions used in the calculation of the actuarial present value of the projected benefit obligation and the net periodic pension cost for the Central American plans consisted of the following:

	December 29, 2006	December 30, 2005
Weighted average discount rate	5.75%	5.50%
Rate of increase in compensation levels	3.50%	3.50%

Cash Flows

Fresh Del Monte expects to contribute approximately $2.4 million to the Central American plans in 2007. Benefit payments under the Central American plans over the next 10 years are expected to total $24.2 million and average $2.4 million per year.

16. Retirement and Other Employee Benefits (continued)

Benefit Obligations, Plan Assets and Funded Status

The following table sets forth a reconciliation of benefit obligation, plan assets and funded status for the Central American plans as of November 30, 2006 and December 30, 2005, which are also the plan measurement dates. There was an immaterial impact on the funded status of these plans using the November 30, 2006 measurement date (U.S. dollars in millions):

	November 30, 2006	December 30, 2005
Change in Benefit Obligation:		
Beginning benefit obligation	$ 16.1	$ 12.7
Service cost	1.3	1.1
Interest cost	0.8	0.7
Actuarial loss	7.3	4.4
Benefits paid	(1.7)	(2.8)
Exchange rate changes	—	—
Ending benefit obligation	23.8	16.1
Change in Plan Assets:		
Beginning fair value	—	—
Company and employee contributions	1.7	2.8
Benefits paid	(1.7)	(2.8)
Exchange rate changes	—	—
Ending fair value	—	—
Reconciliation of Accruals:		
Funded status	(23.8)	(16.1)
Unrecognized loss	(10.2)	(3.0)
Accrued benefit costs	$(13.6)	$(13.1)
Amounts recognized in the Consolidated Balance Sheets (1):		
Accounts payable and accrued expenses	2.4	—
Retirement benefits	21.4	13.7
Net amount recognized in the Consolidated Balance Sheets	$ 23.8	$ 13.7
Amounts recognized in Accumulated other comprehensive income (loss)(1):		
Additional minimum liability	(4.4)	(0.6)
Net actuarial loss	(5.8)	—
Net amount recognized in the Consolidated Statements of Shareholders' Equity	$(10.2)	$ (0.6)

(1) Effective December 29, 2006, Fresh Del Monte adopted SFAS 158.

16. Retirement and Other Employee Benefits (continued)

The following table sets forth the net periodic pension cost of the Central American plans for 2006 and 2005 (U.S. dollars in millions):

	Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004
Service cost	$1.3	$ 1.1	$ 1.2
Interest cost	0.8	0.7	0.8
Net amortization	0.1	(0.1)	—
Net periodic costs	$2.2	$ 1.7	$ 2.0

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, $0.8 million, and $0.7 million for 2006, 2005 and 2004, 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 29, 2006 and December 30, 2005, Fresh Del Monte had $8.3 million and $8.5 million, respectively, accrued for this plan. At December 29, 2006, Fresh Del Monte recorded $1.2 million prior service credit in accumulated other comprehensive income (loss) as a result of the adoption of SFAS 158 for this plan.

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 and are insignificant. As a result of the adoption of SFAS 158, Fresh Del Monte recorded $0.2 million unrecognized actuarial loss.

Fresh Del Monte recorded the tax effect of the adoption of SFAS 158 of $1.7 million as an increase in accumulated other comprehensive income (loss).

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.

17. Stock Based Compensation (continued)

On February 16, 2005, the Board of Directors approved an amendment to the 1999 Plan, which authorized an additional 2,000,000 shares increasing the aggregate ordinary shares to 6,000,000. In addition the aggregate number of options which may be granted to a single participant under the 1999 Plan increased by 1,000,000 to 2,000,000.

Under both the 1997 and the 1999 Plan, 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.

The following table summarizes stock option activity for the years ended December 29, 2006, December 30, 2005 and December 31, 2004:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Options outstanding at December 26, 2003	1,163,112	$13.37	$ 6.44
Granted	211,000	24.29	9.53
Exercised	(407,556)	10.74	4.58
Canceled	(76,000)	20.14	7.95
Options outstanding at December 31, 2004	890,556	16.55	6.78
Granted	1,573,500	29.90	11.26
Exercised	(323,106)	11.18	4.68
Canceled	(161,000)	27.73	10.45
Options outstanding at December 30, 2005	1,979,950	27.12	10.34
Granted	1,518,500	16.19	5.68
Exercised	(26,000)	13.42	5.98
Canceled	(137,500)	26.17	9.69
Options outstanding at December 29, 2006	3,334,950	22.29	8.27
Exercisable at December 31, 2004	289,950	$16.57	$ 6.44
Exercisable at December 30, 2005	594,550	$24.39	$ 9.54
Exercisable at December 29, 2006	1,235,150	$23.42	$ 8.83

On March 1, 2006, Fresh Del Monte granted, in equal amounts, stock options from its 1999 Plan totaling 37,500 to six non-management members of its Board of Directors. These options vested 100% on the grant date. Based on their grant date fair value of $5.51 per option, Fresh Del Monte recognized $0.2 million of stock-based compensation expense related to this grant which is included in total stock-based compensation expense for the year ended December 29, 2006.

On May 3, 2006, Fresh Del Monte granted 191,000 stock options with a grant date fair value of $6.75 per option from its 1999 Plan, of which 161,000 were granted to Fresh Del Monte's Chairman and Chief Executive Officer and 30,000 were granted to one non-management member of its Board of Directors. These options vested 20% on the grant date and then 20% on each of the next four anniversary dates. These options may be exercised over a period not to exceed ten years.

17. Stock Based Compensation (continued)

On August 14, 2006, Fresh Del Monte granted 1,290,000 stock options from its 1999 Plan with a grant date fair value of $5.53 per option. There were no stock option grants to Fresh Del Monte's Chairman and Chief Executive Officer in the August 14, 2006 stock option grant. These options vested 20% on the grant date and then 20% on each of the next four anniversary dates. These options may be exercised over a period not to exceed ten years.

The fair value for stock options was estimated at the date of grant using the Black-Scholes option pricing model, which requires management to make certain assumptions. Volatility is estimated based on the historical volatility of Fresh Del Monte's stock over the past five years. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected term of grant. The expected term of grant was based on the contractual term of the stock option and expected employee exercise and post-vesting employment termination trends. Forfeitures are estimated based on historical experience. Prior to the adoption of SFAS 123R, forfeitures were recognized as they occurred for purposes of estimating pro forma compensation expense under SFAS 123.

The following are the weighted average assumptions used in the Black-Scholes option pricing model for the periods indicated:

	Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004
Dividend yield	1.31%	2.68%	3.27%
Volatility	36.22%	48.54%	55.00%
Risk-free rate	4.84%	3.87%	3.20%
Expected term of grant	5 years	5 years	4 years

Information about stock options outstanding and exercisable at December 29, 2006 is as follows (intrinsic values in millions):

Exercise Price	Remaining Contractual Life	Outstanding	Outstanding Intrinsic Value	Exercisable	Exercisable Intrinsic Value
$5.95	4.3 Years	35,750	$ 0.3	35,750	$ 0.3
$8.38	2.8 Years	12,000	0.1	12,000	0.1
$9.28	2.8 Years	6,000	—	6,000	—
$14.22	2.4 Years	20,000	—	20,000	—
$15.78	9.6 Years	1,285,000	—	257,000	—
$18.31	9.4 Years	191,000	—	38,200	—
$19.76	6.1 Years	180,700	—	120,700	—
$19.76	9.2 Years	31,250	—	31,250	—
$22.01	5.9 Years	30,000	—	30,000	—
$23.82	7.3 Years	161,000	—	96,600	—
$25.83	7.1 Years	20,000	—	12,000	—
$29.84	8.3 Years	1,331,000	—	544,400	—
$32.28	8.1 Years	31,250	—	31,250	—
		3,334,950	$ 0.4	1,235,150	$ 0.4

17. Stock Based Compensation (continued)

The total intrinsic value of options exercised during the years ended December 29, 2006 and December 30, 2005 was $0.2 million and $6.1 million, respectively. The total fair value of options granted for years ended December 29, 2006 and December 30, 2005 was $8.6 million and $17.7 million, respectively, with a weighted-average fair value of $5.68 per option and $11.26 per option, respectively. The total fair value of options vesting during the years ended December 29, 2006 and December 30, 2005 was $6.2 million and $5.9 million, respectively, with a weighted-average fair value of $8.28 per option and $8.41 per option, respectively. As of December 29, 2006, the total remaining unrecognized compensation cost related to non-vested stock options amounted to $12.6 million, which will be amortized over the weighted-average remaining requisite service period of 2.9 years.

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 29, 2006 are as follows (U.S. dollars in millions):

2007	$ 22.0
2008	18.6
2009	15.9
2010	11.1
2011	9.1
Thereafter	35.2
	$111.9

Total rent expense for all operating leases, including leases with initial terms of less than one year, amounted to $42.2 million, $41.2 million and $42.3 million for 2006, 2005 and 2004, 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 $575.3 million, $585.9 million and $571.4 million for 2006, 2005 and 2004, respectively. Purchases under these agreements in 2007 are not expected to be significantly more than in 2006.

At year-end 2006, Fresh Del Monte employed a total of approximately 37,500 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 non-U.S. 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.

19. Litigation (continued)

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 Supreme Court of the United States affirmed the plaintiffs' appeal of the dismissal, thereby remanding the action to the Hawaiian state court. A status conference was held in Hawaiian state court on June 2, 2006. On September 12, 2006, defendants motion to transfer venue from the state court in Maui to the state court in Oahu was granted.

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

19. Litigation (continued)

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 found 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 found 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 remains pending.

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.

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.

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.

19. Litigation (continued)

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. In addition to being filed against Fresh Del Monte, the complaint was also filed against certain of its current and former directors, officers and shareholders and that of 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. The trial in the case commenced on October 30, 2006. On November 17, 2006, the jury rendered a verdict in favor of Fresh Del Monte, which the court followed with a final judgment in favor of Fresh Del Monte on December 20, 2006. Plaintiffs filed a notice of appeal on January 19, 2007.

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: (i) monopolization and attempted monopolization; (ii) restraint of trade; (iii) unfair and deceptive trade practices; and (iv) 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 is pending in a Tennessee state court. On February 18, 2005, Fresh Del Monte's subsidiaries filed a motion to dismiss the complaint. On May 25, 2006, the court granted the motion in part dismissing plaintiffs' claim under the Tennessee Consumer Protection Act.

19. Litigation (continued)

Between March 17, 2004 and March 18, 2004, three alleged individual consumers separately 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 filed a motion to dismiss this one remaining claim, which was denied on January 6, 2006. The request for an interlocutory appeal was denied by the appellate court on March 2, 2006.

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 plaintiffs filed a motion for remand to state court and Fresh Del Monte's subsidiaries opposed that motion. The court granted plaintiffs' 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 plaintiffs' complaint, which motion was granted on January 23, 2006 with leave for plaintiffs to amend. Plaintiffs filed an amended complaint on February 13, 2006. On March 10, 2006, Fresh Del Monte's subsidiary filed a motion to dismiss in part the amended complaint. On September 27, 2006, the state court granted the motion and dismissed with prejudice plaintiffs' claims for unjust enrichment and for violation of the Florida Deceptive and Unfair Trade Practices Act relating to pineapples purchased before April 19, 2000, Fresh Del Monte's subsidiary filed an answer to the remaining claims of the amended complaint on October 12, 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.

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

19. Litigation (continued)

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. On April 11, 2006, the court granted in part Fresh Del Monte's motion to dismiss the complaint dismissing the claims for common law monopolization, unjust enrichment and violation of Nevada's Unfair Trade Practices Act in its application prior to July 1, 2001.

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 assigned to the same judge in the U.S. District Court for the Southern District of Florida.

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 February 4, 2008 and discovery on the merits of the action is scheduled to take place before class certification proceedings.

In the indirect purchaser actions, plaintiffs filed an amended, consolidated complaint on March 3, 2006. Fresh Del Monte has filed a motion to dismiss the complaint, which remains pending.

European Union Antitrust Investigation

On June 2, 2005, one of Fresh Del Monte's German subsidiaries was visited by the antitrust authority of the European Union ("EU") which is investigating Fresh Del Monte's subsidiary as well as other produce companies for possible violations of the EU's competition laws. Fresh Del Monte's subsidiary received several requests for additional information from the EU antitrust authority from February 17, 2006 to February 20, 2007 and has responded fully to the requests. Fresh Del Monte and its subsidiary will continue to fully cooperate with the investigation.

19. Litigation (continued)

Freight Broker Litigation

In September 1997, a freight broker formerly engaged by one of Fresh Del Monte's non-U.S. subsidiaries filed suit against the subsidiary in Guatemala claiming $1.9 million in damages and in Costa Rica claiming $1.3 million in damages as indemnification for constructive wrongful termination of the general agency agreement between the broker and the subsidiary. Under the agreement, the broker arranged third party cargo to be booked for carriage on ships owned or chartered by Fresh Del Monte's subsidiary. The Guatemala action has been dismissed for being time barred by the statute of limitations. In the Costa Rica action, Fresh Del Monte's subsidiary filed several motions to dismiss which were denied. The trial of the action has now concluded, and the trial court has entered judgment against Fresh Del Monte in the amount of $0.8 million plus interest and costs. Fresh Del Monte's subsidiary is appealing this decision. The costs of defense in this action are covered by insurance.

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 clean-up 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 clean up of the Kunia Well Site will range from $12.9 million to $25.4 million and will last approximately 10 years. As of December 29, 2006, there is $21.5 million included in other noncurrent liabilities and $0.8 included in accounts payable and accrued expenses for the Kunia well site clean-up. We expect to expend approximately $0.8 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 ("the Consent Decree") for the performance of the clean up 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

19. Litigation (continued)

remedial investigations at the Kunia Well Site, Fresh Del Monte's subsidiary continues to evaluate with the EPA the clean up 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.

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 29, 2006, except as related to the Kunia Well Site.

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. Derivatives are recorded in the consolidated cash flows in net cash provided by operating activities in either "prepaid expenses and other current assets" or "accounts payable and accrued expenses", depending whether the amount is classified as an asset or liability in the consolidated balance sheets. 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 Operations 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 2006, 2005 and 2004.

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

20. Financial Instruments and Concentration of Credit Risk (continued)

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. As of December 29, 2006, and December 30, 2005, Fresh Del Monte had several foreign currency cash flow hedges outstanding. The fair value of these hedges as of December 29, 2006, is a net liability of $1.6 million, all of which is expected to be transferred to earnings in 2007 along with the earnings effect of the related forecasted transaction. The fair value of these hedges as of December 30, 2005 was a net asset of $37.2 million, substantially all of which was transferred to earnings during 2006.

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 consolidated 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.

21. Related Party Transactions

Fresh Del Monte purchases goods and services from unconsolidated subsidiaries in the ordinary course of business. See note 6, "Investments in Unconsolidated Companies". Sales to companies with common ownership as Fresh Del Monte were $62.0 million, $37.9 million and $33.5 million in 2006, 2005 and 2004, respectively. At December 29, 2006 and December 30, 2005 there were $9.8 million and $8.1 million, respectively, of receivables from related parties, which are included in trade accounts receivable.

On February 1, 2007, Fresh Del Monte ceased using a related party through common ownership as distributors in Dubai, U.A.E. and began direct distribution.

21. Related Party Transactions (continued)

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 was indirectly owned by Fresh Del Monte's chief executive officer. The rates charged for these transportation services were comparable to the market rates charged to other unrelated companies for the use of a similar aircraft. There were no expenses incurred during 2006 for air transportation services for chartering this aircraft.

22. Unaudited Quarterly Financial Information

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

	Quarters ended			
	March 31, 2006	**June 30, 2006**	**September 29, 2006**	**December 29, 2006**
Net sales	$840.0	$907.1	$729.6	$737.6
Gross profit (loss)	67.7	71.3	(8.8)[b]	56.3
Net income (loss)	16.2	(17.8)	(83.6)	(59.9)[c]
Net income (loss) per share – basic [a]	$ 0.28	$ (0.31)	$ (1.45)	$ (1.04)
Net income (loss) per share – diluted [a]	$ 0.28	$ (0.31)	$ (1.45)	$ (1.04)
	April 1, 2005	**July 1, 2005**	**September 30, 2005**	**December 30, 2005**
Net sales	$838.5	$922.8	$740.5	$757.9
Gross profit (loss)	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)

(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 second through fourth quarters of 2006 and fourth quarter of 2005, basic and diluted net loss per share are equal.

(b) The change in gross profit (loss) from $71.3 million for the 2nd quarter ended June 30, 2006 to a gross loss of $8.8 for the third quarter ended September 29, 2006 is due primarily to $40.8 million in charges associated with the Hawaiian pineapple operations in 2006, and the Kenya product withdrawal and disposal program The additional decrease in gross profit is attributable to a reduction in Banana selling prices in the EU, primarily due to increased competition that was a direct result of the new tariff-only system, and higher ocean freight and inland transportation costs and higher fruit and production costs.

(c) During the fourth quarter of 2006 Fresh Del Monte recorded $53.7 million in asset impairment and other charges, a component of operating loss, primarily related to the previously announced closing of Hawaii, the closing of a production facility in Italy, the impairment of underutilized facilities and equipment in South Africa, the impairment of the United Kingdom indefinite-lived intangible asset and the impairment of goodwill resulting from the Standard acquisition and other charges related to the rationalization of the Fresh Del Monte's North American potato repack business.

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, strawberries, non-tropical fruit (including grapes, apples, pears, peaches, plums, nectarines, apricots, avocados 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):

	Years ended					
	December 29, 2006		December 30, 2005		December 31, 2004	
	Net Sales	Gross Profit (Loss)	Net Sales	Gross Profit	Net Sales	Gross Profit
Bananas	$1,112.5	$ 15.6	$1,079.0	$ 37.5	$1,030.8	$ 23.0
Other fresh produce	1,622.2	167.7	1,680.9	217.4	1,638.7	216.1
Prepared food	308.9	(12.6)	329.5	45.9	88.8	16.3
Other products and services	170.7	15.8	170.3	10.7	147.7	9.3
Totals	$3,214.3	$186.5	$3,259.7	$311.5	$2,906.0	$264.7

	Years ended		
	December 29, 2006	December 30, 2005	December 31, 2004
Net sales by geographic region:			
North America	$1,574.1	$1,579.6	$1,497.4
Europe	1,123.2	1,206.7	940.5
Asia	419.5	376.6	385.8
Other	97.5	96.8	82.3
Total net sales	$3,214.3	$3,259.7	$2,906.0

	December 29, 2006	December 30, 2005
Property, plant and equipment:		
North America	$101.5	$105.7
Europe	206.8	174.1
Africa	25.8	53.4
Asia	32.3	16.1
Central and South America	393.5	386.6
Maritime equipment (including containers)	55.6	123.3
Corporate	25.0	33.8
Total property, plant and equipment	$840.5	$893.0

23. Business Segment Data (continued)

	December 29, 2006	December 30, 2005
Identifiable assets:		
North America	$ 342.6	$ 402.9
Europe	716.0	709.9
Africa	99.0	118.2
Asia	111.7	87.2
Central and South America	611.7	576.2
Maritime equipment (including containers)	104.8	123.3
Corporate	96.4	107.1
Total identifiable assets	$2,082.2	$2,124.8

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.

One customer accounted for approximately 12%, 11% and 14% of net sales in 2006, 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 Fresh Del Monte 's net sales. In 2006, the top ten customers accounted for approximately 31% of net sales as compared with 32% and 35% of our net sales during 2005 and 2004, respectively. 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. Shareholders' Equity

The shareholders of Fresh Del Monte have authorized 50,000,000 preferred shares at $0.01 par value of which none have been issued and are outstanding. The shareholders of Fresh Del Monte have authorized 200,000,000 ordinary shares of common stock of which 58,039,180 have been issued and 57,697,834 are outstanding.

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. 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. Fresh Del Monte is under no obligation to purchase any shares under this program. During 2006, Fresh Del Monte purchased 341,346 shares of its common stock in open market transactions at an average purchase price of $16.99 per share under this program. Fresh Del Monte accounts for treasury stock using the cost method.

In 2006, Fresh Del Monte paid regular quarterly cash dividends of $0.20 per ordinary share in the first and second quarters and $0.05 per ordinary share in the third and fourth quarter for a total of $0.50 per share for the year. On October 31, 2006 Fresh Del Monte announced that the regular cash dividend of $0.05 per share will be suspended.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed under the supervision of our Chairman and Chief Executive Officer and Executive Vice President and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer and Executive Vice President and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our evaluation under the framework in *Internal Control-Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 29, 2006.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 29, 2006 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included elsewhere herein. That report expresses unqualified opinions on our management's assessment and on the effectiveness of our internal control over financial reporting.

Fresh Del Monte Produce Inc.

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

The Board of Directors and Shareholders of
Fresh Del Monte Produce Inc.

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Fresh Del Monte Produce Inc. maintained effective internal control over financial reporting as of December 29, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Fresh Del Monte Produce Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

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

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Fresh Del Monte Produce Inc. maintained effective internal control over financial reporting as of December 29, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Fresh Del Monte Produce Inc. maintained, in all material respects, effective internal control over financial reporting as of December 29, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 29, 2006 and December 30, 2005, and the related consolidated statements of operations, cash flows and shareholders' equity for each of the years ended December 29, 2006, December 30, 2005 and December 31, 2004 of Fresh Del Monte Produce Inc. and subsidiaries, and our report dated March 12, 2007 expressed an unqualified opinion thereon.

Ernst + Young LLP

Certified Public Accountants

Miami, Florida
March 12, 2007

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

The Board of Directors and Shareholders of
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 29, 2006 and December 30, 2005, and the related consolidated statements of operations, cash flows and shareholders' equity for each of the years ended December 29, 2006, December 30, 2005 and December 31, 2004. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, 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 29, 2006 and December 30, 2005, and the consolidated results of their operations and their cash flows for each of the years ended December 29, 2006, December 30, 2005 and December 31, 2004, in conformity with United States generally accepted accounting principles.

As discussed in Notes 16 and 17 to the consolidated financial statements, the Company adopted Statement of Financial Accounting (SFAS) No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans-an amendment of FASB Statements No. 87, 88, 106, and 132(R),* effective December 29, 2006, and SFAS No. 123(R), *Share-Based Payment*, effective December 31, 2005. Also, as discussed in Note 2 to the consolidated financial statements, the Company adopted Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements, ("SAB 108")*. The Company used the one time special transition provisions of SAB 108 and recorded an adjustment to goodwill, deferred taxes and retained earnings effective December 31, 2005 for correction of prior period errors related to the purchase accounting for two of its subsidiaries.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Fresh Del Monte Produce Inc.'s internal control over financial reporting as of December 29, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 12, 2007 expressed an unqualified opinion thereon.

Ernst + Young LLP

Certified Public Accountants

Miami, Florida
March 12, 2007

Fresh Del Monte Produce Inc. Corporate Information

FDP LISTED NYSE

Stock Information
New York Stock Exchange
Symbol: FDP

Dividend Information
On October 30, 2006, the Company's board of directors voted to suspend the Company's quarterly cash dividend.

Annual Meeting
May 2, 2007, at 11:30 a.m.
Hyatt Regency Coral Gables
50 Alhambra Plaza
Coral Gables, FL 33134

Shareholder of Record
As of December 29, 2006, there were 57,697,834 ordinary shares outstanding. We believe that approximately 35 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 December 29, 2006 Annual Report on Form 20-F on file with 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 description of significant corporate governance differences 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

Independent Registered Public Accounting Firm
Ernst & Young LLP
200 South Biscayne Blvd.
Suite 3900
Miami, FL 33131

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
Senior Vice President, General Counsel and Secretary

Emanuel Lazopoulos
Senior Vice President—North America Sales, Marketing 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

Helmuth Lutty
Vice President—Shipping Operations

Jimenez Tenazas
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 North America Holdings and Southwire Company

Michael J. Berthelot(1)(2)
Chief Executive Officer, Cito Capital Corporation

Edward L. Boykin(1)(3)
Consultant and Former Partner, Deloitte & Touche LLP
Also serves on the Board of Directors 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 Breeze-Eastern Corporation, eSpeed, Inc. and IPG Photonics Corporation

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

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Fresh Del Monte Produce Inc.

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