

CEO seeks to acquire Dole Food

Shares soar on cash offer to privatize company.

By GARY GENTILE *BAK.CA*
 AP Business Writer *9-24-02*

LOS ANGELES — Dole Food Co. Inc. chief executive David Murdock told the fruit producer's board of directors that taking the company private is the best way to boost its share price, and offered \$1.2 billion in cash to do so.

Murdock offered \$29.50 per share for the 76 percent of the company he doesn't already own. That was a 20.5 percent premium over Dole's closing price Friday.

Investors initially pushed Dole's shares to nearly \$31 a share, but the stock later gave some ground to close Monday at \$28.99 a share, up \$4.50 or 18.4 percent, on the New York Stock Exchange.

Murdock said the deal would total about \$2.5 billion, including assumption of debt.

Dole's directors said they would be meeting over the next several days to establish a special committee to consider Murdock's unsolicited offer.

Los Angeles County-based Dole, a company whose roots stretch more than 150 years, has grown from a family owned pineapple business to the world's largest producer of fruits and vegetables, operating in 90 countries.

In a letter sent to the board over the weekend, the 78-year-old Murdock said recent efforts to cut costs, diversify its business and invest in additional businesses have had little effect on the stock price.

Murdock also reminded the board that an effort to explore strategic alternatives, including a sale of the company, in 2000, failed.

"I believe that providing a premium to existing shareholders at a fair price and operating Dole Food Co. as a private enterprise is the best alternative given the public market focus on short-term earnings and predictable quarterly results," Murdock wrote.

Andrew Wolf, an analyst at BB&T Capital markets, believes the offer is too low, given his firm's target price of \$39 per share for the stock.

"It's at the low end of what we think it's worth," Wolf said.

Wolf said Dole has done a good job of running its businesses, including its

Co. and Chiquita Brands International Inc., are either too small or their offers would not pass antitrust scrutiny.

Murdock's bid seems to parallel a move he made just two years ago to take Castle & Cooke Inc., Dole's real estate arm, private.

In 1985, Murdock rescued Castle & Cooke, which owned and marketed the Dole brand, by merging the company with his privately owned Flexi-Van Corp., a transportation equipment leasing company. In 1991, the company's name was changed to Dole Foods.

In 1995, Dole separated its food and real estate businesses, spinning off Castle & Cooke as its developer and builder of residential real estate and resort properties. Murdock owned 27 percent of the company.

In 2000, Murdock, who is estimated to be worth \$1.3 billion by Forbes magazine, made a tender offer worth \$700 million for the rest of the stock and took the company private.

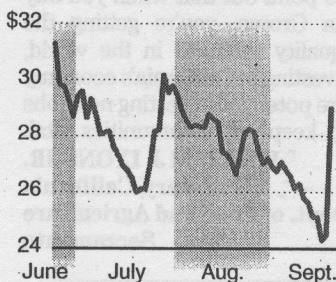
In an interview with the Honolulu Advertiser in 2000, Murdock said he bought the shares because he wanted to make significant improvements on the island of Lanai and didn't want to be subject to the demands of shareholders for quarterly earnings growth.

Murdock has built two luxury hotels, two golf courses and luxury homes on the island. He also owns a Bel Air mansion and a ranch in Thousand Oaks.

Dole shares rise

Shares of Dole Food Co. Inc. soared Monday when Chairman and CEO David Murdock offered \$1.2 billion in cash to purchase the 76 percent of shares he doesn't already own.

Daily close per share



SOURCES: Yahoo.com; Commodity Systems Inc.; Associated Press AP

plan to cut \$200 million a year from its costs. What Dole has not done, he said, is communicate its message to investors.

"They have a very good story, very good fundamentals, but in terms of being out there with shareholders and talking about it, they were very unaggressive," he said.

Wolf said he does not think Murdock's offer will spark a bidding war, in part because of the difficult nature of the business and because competitors, such as Del Monte Foods

