

FRESH DEL MONTE PRODUCE INC  
Form 10-K  
February 21, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-K

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(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 27, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-14706

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FRESH DEL MONTE PRODUCE INC.  
(Exact Name of Registrant as Specified in Its Charter)

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The Cayman Islands (State or Other Jurisdiction of Incorporation or Organization)	N/A (I.R.S Employer Identification No.)
c/o Intertrust SPV (Cayman) Limited 190 Elgin Avenue George Town, Grand Cayman, KY1-9001 Cayman Islands	N/A
(Address of Registrant's Principal Executive Offices) (305) 520-8400 (Registrant's telephone number including area code)	(Zip Code)

Please send copies of notices and communications from the Securities and Exchange Commission to:

c/o Del Monte Fresh Produce Company  
241 Sevilla Avenue  
Coral Gables, Florida 33134  
(Address of Registrant's U.S. Executive Offices)

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Securities registered pursuant to Section 12(b) of the Act:

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Title of Each Class	Name of Each Exchange on Which Registered
Ordinary Shares, par value \$0.01 per share	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None	

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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

The aggregate market value of Ordinary Shares held by non-affiliates at June 28, 2013, the last business day of the registrant's most recently completed second quarter, and was \$1,009,872,287 based on the number of shares held by non-affiliates of the registrant and the reported closing price of Ordinary Shares on June 28, 2013 of \$27.88.

As of February 14, 2014, there were 56,229,354 ordinary shares of Fresh Del Monte Produce Inc. issued and outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for the 2014 Annual General Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year are incorporated by reference in Part III of this report.



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Forward-Looking Statements

In this Annual Report (the “Report”), references to “\$” and “dollars” are to United States dollars. References in this Report to Fresh Del Monte, “we”, “our” and “us” refer to Fresh Del Monte Produce Inc. and its subsidiaries, unless the context indicates otherwise. Percentages and certain amounts contained herein have been rounded for ease of presentation. Any discrepancies in any table between totals and the sums of amounts listed are due to rounding. As used herein, references to the years ended 2011, 2012 and 2013 are to fiscal years ended December 30, 2011, December 28, 2012 and December 27, 2013, respectively.

This Report, information included in future filings by us and information contained in written material, press releases and oral statements, issued by or on behalf of us contains, or may contain, statements that constitute forward-looking statements in particular, information in Item 1. Business and Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Trend Information, contained in this Report. In this Report, these statements appear in a number of places and include statements regarding the intent, beliefs or current expectations of us or our officers (including statements preceded by, followed by or that include the words “believes”, “expects”, “anticipates” or similar expressions) with respect to various matters, including our plans and future performance. These forward-looking statements involve risks and uncertainties. Fresh Del Monte’s actual plans and performance may differ materially from those in the forward-looking statements as a result of various factors, including (i) the uncertain global economic environment and the timing and strength of a recovery in the markets we serve, and the extent to which adverse economic conditions continue to affect our sales volume and results, including our ability to command premium prices for certain of our principal products, or increase competitive pressures within the industry, (ii) the impact of governmental initiatives in the United States and abroad to spur economic activity, including the effects of significant government monetary or other market interventions on inflation, price controls and foreign exchange rates, (iii) the impact of governmental trade restrictions, including adverse governmental regulation that may impact our ability to access certain markets, (iv) our anticipated cash needs in light of our liquidity, (v) the continued ability of our distributors and suppliers to have access to sufficient liquidity to fund their operations, (vi) trends and other factors affecting our financial condition or results of operations from period to period, including changes in product mix or consumer demand for branded products such as ours, particularly as consumers remain price-conscious in the current economic environment; anticipated price and expense levels; the impact of crop disease, severe weather conditions, such as flooding, or natural disasters, such as earthquakes, on crop quality and yields and on our ability to grow, procure or export our products; the impact of prices for petroleum-based products and packaging materials; and the availability of sufficient labor during peak growing and harvesting seasons, (vii) the impact of pricing and other actions by our competitors, particularly during periods of low consumer confidence and spending levels, (viii) the impact of foreign currency fluctuations, (ix) our plans for expansion of our business (including through acquisitions) and cost savings, (x) our ability to successfully integrate acquisitions into our operations, (xi) the impact of impairment or other charges associated with exit activities, crop or facility damage or otherwise, (xii) the timing and cost of resolution of pending and future legal and environmental proceedings or investigations, (xiii) the impact of changes in tax accounting or tax laws (or interpretations thereof), and the impact of settlements of adjustments proposed by the Internal Revenue Service or other taxing authorities in connection with our tax audits, and (xiv) the cost and other implications of changes in regulations applicable to our business, including potential legislative or regulatory initiatives in the United States or elsewhere directed at mitigating the effects of climate change. All forward-looking statements in this report are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements.

The forward-looking statements are not guarantees of future performance and involve risks and uncertainties. It is important to note that our actual results may differ materially from those in the forward-looking statements as a result of various factors. The accompanying information contained in this Report, identifies important factors that could cause our actual results to differ materially from those in the forward-looking statements.

The volume data included in this Report has been obtained from our records. Except for volume data for Fresh Del Monte, the market share, volume and consumption data contained in this Report have been compiled by us based upon data and other information obtained from third-party sources, primarily from the Food and Agriculture Organization of the United Nations (the "FAO"), and from our surveys of customers and other company-compiled data. Except as otherwise indicated, volume data contained in this Report is shown in millions of 40-pound equivalent boxes.

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PART I

Item 1. Business

History and Development of Fresh Del Monte

Our legal name is Fresh Del Monte Produce Inc., and our commercial name is Del Monte Fresh Produce. We are an exempted holding company, incorporated under the laws of the Cayman Islands on August 29, 1996. At December 27, 2013, the close of our most recent fiscal year, members of the Abu-Ghazaleh family directly owned 33.8% of our outstanding Ordinary Shares.

Our principal executive office is located at 190 Elgin Avenue, George Town, Grand Cayman, KY1-9001, Cayman Islands. The address of our U.S. executive office is Del Monte Fresh Produce Company, 241 Sevilla Avenue, Coral Gables, Florida 33134. Our telephone number at our U.S. executive office is (305) 520-8400. Our Internet address is <http://www.freshdelmonte.com>. The electronic version of this Annual Report on Form 10-K, along with other information about us, our operations and our results and other documents filed with the Securities and Exchange Commission (“SEC”) can be found on our Web site. Information on our Web site is not a part of this Report on Form 10-K.

Our global business, conducted through our subsidiaries, is primarily the worldwide sourcing, transportation and marketing of fresh and fresh-cut produce together with prepared food products in Europe, Africa and the Middle East. We source our fresh produce products (bananas, pineapples, melons, tomatoes, grapes, apples, pears, peaches, plums, nectarines, cherries, citrus, avocados, blueberries and kiwi) primarily from Central and South America, Africa, the Philippines, North America and Europe. We source our prepared food products primarily from Africa, Europe and the Middle East. Our products are sourced from company-owned operations, through joint venture arrangements and through supply contracts with independent producers. We distribute our products in North America, Europe, Asia, the Middle East, Africa and South America.

In October 2013, we acquired approximately 7,200 total acres of agricultural production land, packing houses and farm equipment in Florida and Virginia related to the other fresh produce segment for approximately \$36.8 million. We believe this acquisition of field tomato and vegetable assets complements our state-of-the-art greenhouse operation in Costa Rica and Guatemala and gives us the opportunity to continue to expand our tomato and vegetable product offerings. Also, it enables us to provide our customers with high-quality, locally grown produce, strengthening our competitive position in the tomato industry.

In October 2013, we also acquired a pineapple plantation in Costa Rica of approximately 1,850 total acres consisting of agricultural production land, packing houses and farm equipment for approximately \$19.4 million. This acquisition expands our productive capacity of gold pineapples in Costa Rica by approximately 2 million boxes per year.

During October 2013, we also acquired a banana plantation on leased land in the Philippines for approximately \$5.3 million. This acquisition, consisting principally of approximately 1,000 acres of growing crop, leasehold rights and related packing houses and farm equipment, further increases our productive capacity in the Philippines.

Our capital expenditures totaled \$159.5 million in 2013, consisting primarily of approximately \$49.6 million for expansion and improvements to production facilities in Costa Rica, Guatemala, the Philippines and Chile related to the banana and other fresh produce segments; \$39.3 million for expansion of our tomato and vegetable assets in North America related to the other fresh produce segment (see acquisition of approximately 7,200 acres above); \$16.8 million principally for improvements and expansion of production facilities in Kenya, Greece and Jordan related to the prepared food segment; \$32.7 million principally for the construction of distributions centers in Canada and France



and improvements and expansion of distribution centers in the United States and the Middle East principally related to the banana and other fresh produce segment; and \$8.3 million for expansion of our fresh-cut production facilities primarily in North America related to the other fresh produce segment. During 2013, capital expenditures also included approximately \$9.7 million for the acquisition of two refrigerated vessels and related shipping equipment and \$3.1 million for information technology systems.

Our capital expenditures totaled \$79.7 million in 2012, consisting primarily of approximately \$37.6 million for expansion and improvements to production facilities in Costa Rica, Guatemala, the Philippines, Chile and Brazil related to the banana and other fresh produce segments and \$16.6 million for expansion and improvements of production facilities in Saudi Arabia, Kenya and Greece related to the prepared food segment. In addition, during 2012, we also made capital expenditures of \$11.7 million for the acquisition of refrigerated vessels and \$10.1 million, principally for improvements to our distribution facilities in North America related to the banana segment and \$3.7 million for information technology systems. Our capital expenditures totaled \$79.4 million in 2011, consisting of approximately \$30.5 million, principally for improvements and expansion of production facilities in Costa Rica, Guatemala, North America and Chile related to the other fresh produce segment and \$26.2 million for

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improvements and expansion of production facilities in Guatemala, Costa Rica and distribution facilities in North America and Saudi Arabia related to the banana segment. Our capital expenditures in 2011 also included \$22.7 million for improvements and expansion of production facilities in Jordan, Saudi Arabia, Kenya and Greece related to the prepared food segment.

The principal capital expenditures planned for 2014 consist primarily of the expansion and improvement of production facilities in Costa Rica, Kenya, the Philippines, Nicaragua and Chile combined with expansion and improvements of our distribution and fresh-cut facilities in North America and Asia and production facilities in the Middle East.

## Business 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 and snacks 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 network allows us to provide consistent delivery of high-quality fresh produce, juices, beverages, processed fruit and vegetables and value-added services to our customers.

We have leading market positions in the following product categories. We believe we are:

- the number one marketer of fresh pineapples worldwide

- the third-largest marketer of bananas worldwide;

- a leading marketer of branded fresh-cut fruit in the United States, Japan, the United Kingdom, United Arab Emirates and Saudi Arabia;

- a leading grower, re-packer and marketer of tomatoes in the United States;

- a leading year-round marketer of branded grapes in the United States;

- a leading marketer of branded non-tropical fruit in selected markets; and

- a leading marketer for branded canned fruit and pineapple in the European Union (EU) and other European markets and the Middle East.

We source and distribute our fresh produce products globally. Our products are grown primarily in Central and South America, Africa and the Philippines. We also source products from North America and Europe. Our products are sourced from company-controlled farms and independent growers. At year end 2013, we transported our fresh produce to markets using our fleet of 15 owned and 8 chartered refrigerated vessels, and we operated four port facilities in the United States. We also operated 39 distribution centers, generally with cold storage and banana ripening facilities in our key markets worldwide, including the United States, Germany, Japan, South Korea, Hong Kong, France the United Arab Emirates and Saudi Arabia. We also operate 15 fresh-cut facilities in the United States, the United Kingdom, Japan, the United Arab Emirates and Saudi Arabia, some of which are located within our distribution centers. Through our vertically integrated network, we manage the transportation and distribution of our products in a continuous temperature-controlled environment. This enables us to preserve quality and freshness, and to optimize product shelf life, while ensuring timely and year-round distribution. Furthermore, our position as a volume producer and shipper of bananas allows us to lower our average per-box logistics cost and to provide regular deliveries of our premium fresh fruit to meet the increasing demand for year-round supply.

We market and distribute our products to retail stores, club stores, wholesalers, distributors and foodservice operators in more than 100 countries around the world. North America is our largest market, accounting for 54% of our net sales in 2013. Europe, the Middle East and Asia regions are our other major markets, accounting for 19%, 14% and 12% of our net sales in 2013, respectively. Our distribution centers and fresh-cut facilities address the growing demand from supermarket chains, club stores, foodservice providers, mass merchandisers and independent grocers to provide value-added services, including the preparation of fresh-cut produce, ripening, customized sorting and packing, just-in-time and direct-store-delivery and in-store merchandising and promotional support. Large national chains are increasingly choosing fewer suppliers which can serve all of their needs on a national basis. We believe that there is a significant opportunity for a company like ours with a full fresh and fresh-cut produce line, a well-recognized brand, a consistent supply of quality produce and a national distribution network to become the preferred supplier to these large retail, convenience store chains and foodservice customers. We believe that we are uniquely positioned as a preferred supplier, and our goal is to expand on this status by increasing our leading position in fresh-cut produce, expanding our banana and pineapple business and diversifying our other fresh produce selections. We are a multinational company offering

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a variety of fresh produce in all major markets along with fresh-cut produce in selected markets and a prepared food product line that includes prepared fruit and vegetables, juices, beverages and snacks in Europe, Africa, the Middle East and countries formerly part of the Soviet Union.

Our strategy is a combination of maximizing revenues from our existing infrastructure, entering new markets and strict cost control initiatives. We plan to continue to capitalize on the growing global demand for fresh produce and expand our reach into existing and new markets. We expect sales growth of fresh produce in key markets by increasing sales volume and per unit sales prices as permitted by market conditions. Our strategy includes increasing volumes from existing production and distribution facilities in order to improve operating efficiencies and reduce per unit costs. We plan additional investments in production facilities in order to expand our product offering in established markets and continue with our recent expansion in growth markets, such as the Middle East, Africa and countries formerly part of the Soviet Union. We also plan additional investments in our North America and Asia distribution and fresh-cut fruit facilities to support our planned growth in these markets.

## Products Sourcing and Production

Our products are grown and sourced primarily in Central and South America, Africa and the Philippines. We also source products from North America and Europe. In 2013, 50% of the fresh produce we sold was grown on company-controlled farms and the remaining 50% was acquired primarily through supply contracts with independent growers. Costa Rica is our most significant sourcing location representing approximately 33% of our total sales volume of fresh produce products and where 42% of our property, plant and equipment was located in 2013. We produce, source, distribute and market a broad array of fresh produce throughout the world, primarily under the DEL MONTE® brand, as well as under other proprietary brands, such as UTC® and Rosy®. We also produce, distribute and market prepared fruits and vegetables, juices, beverages and snacks under the DEL MONTE® brand, as well as other proprietary brands, such as Fruit Express™, Just Juice® and other regional trademarks in Europe, Africa, the Middle East and countries formerly part of the Soviet Union.

The following table indicates our net sales by product for the last three years:

	Year ended								
	December 27, 2013			December 28, 2012			December 30, 2011		
	(U.S. dollars in millions)								
Net sales by product category:									
Banana	\$1,692.2	46	%	\$1,544.6	45	%	\$1,653.1	46	%
Other fresh produce:									
Gold pineapples	509.7	14	%	512.8	15	%	529.3	15	%
Fresh-cut produce	408.3	11	%	391.0	11	%	353.8	10	%
Non-tropical fruit	394.5	11	%	332.1	10	%	333.7	9	%
Melons	115.6	3	%	113.8	3	%	123.3	3	%
Tomatoes	82.4	2	%	72.7	2	%	104.8	3	%
Vegetables	55.3	1	%	54.6	2	%	64.4	2	%
Other fruit, products and services	72.7	2	%	67.8	2	%	72.3	2	%
Total other fresh produce	1,638.5	44	%	1,544.8	45	%	1,581.6	44	%
Prepared food	353.0	10	%	331.8	10	%	355.0	10	%
Total	\$3,683.7	100	%	\$3,421.2	100	%	\$3,589.7	100	%

See Note 22, "Business Segment Data", to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data for further information.

Bananas

Bananas are the leading internationally traded fresh fruit in terms of volume and dollar sales and one of the best-selling fresh fruit in the United States. Europe and North America are the world's largest banana markets and Asia is the third largest market. According to the latest published statistics from the FAO, in 2011, Europe, North America, Asia and the Middle East

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consumed 19.4, 10.2, 5.7 and 3.4 billion pounds of bananas, respectively. Bananas are a key produce department product due to their high turnover and the premium margins obtained by retailers.

Bananas have a relatively short growing cycle and are grown in tropical locations with humid climates and heavy rainfall, such as Central and South America, the Caribbean, the Philippines and Africa. Bananas are grown throughout the year in these locations, although demand and prices fluctuate based on the relative supply of bananas and the availability of seasonal and alternative fruit.

We believe that we are the world's third-largest marketer of bananas, based on internally generated data. Our banana sales in North America, Europe, Asia and the Middle East accounted for approximately 50%, 20%, 18% and 12% of our net sales of bananas in 2013, respectively. We produced approximately 41% of the banana volume we sold in 2013 on company-controlled farms, and we purchased the remainder from independent growers.

Bananas are one of the best-selling fresh produce items, as well as a high-margin product for many of our customers. Accordingly, our ability to provide our customers with a year-round supply of high-quality DEL MONTE® bananas is important to maintaining our existing customer relationships and attracting new customers. Our position as a volume shipper of bananas has also allowed us to make regular shipments of a wide array of other fresh produce, such as pineapples, melons and plantains, reducing our average per-box logistics costs and maintaining higher quality produce with a longer shelf life.

We produce bananas on company-controlled farms in Costa Rica, Guatemala, Brazil, Cameroon and the Philippines and we purchase bananas from independent growers in Costa Rica, Ecuador, Colombia, Guatemala and the Philippines. Although our supply contracts are primarily long-term, we also make purchases in the spot market, primarily in Ecuador. In Ecuador and Costa Rica, there are minimum export prices for the sale of bananas, which are established and reviewed on a periodic basis by the respective governments.

Due in part to limitations in the Philippines on foreign ownership of land, we purchase the majority of bananas in the Philippines through long-term contracts with independent growers. Approximately 87% of our Philippine-sourced bananas are supplied by one grower, representing 17% of the Philippines banana industry volume in 2013. In the Philippines, we have leased approximately 3,300 hectares of land where we have planted approximately 2,000 hectares of bananas for the Asia and the Middle East markets.

## Gold Pineapples

Pineapples are grown in tropical and sub-tropical locations, including the Philippines, Costa Rica, Hawaii, Thailand, Malaysia, Brazil, Indonesia and various countries in Africa. In contrast to bananas, pineapples have a long growing cycle of 18 months, and require re-cultivation after one to two harvests. Pineapple growing requires a higher level of capital investment, as well as greater agricultural expertise.

The premium pineapples, such as our Del Monte Gold® Extra Sweet pineapple, which has an enhanced taste, golden shell color, bright yellow flesh and higher vitamin C content, has replaced the Champaka and other traditional pineapple varieties in popularity and demand and has led to increased competition.

We believe that we are the market leader of fresh pineapples worldwide, based on internally generated data. Pineapple sales in North America, Europe, Asia and the Middle East accounted for 60%, 19%, 15% and 5%, respectively, of our net sales of pineapples in 2013. From 1996 to 2013, our volume of the Del Monte Gold® Extra Sweet pineapple increased from 2.5 million boxes to 28.4 million boxes. Based on the latest FAO data, for the 10-year period from 2001 to 2011, the volume of pineapple sales in Europe, North America, Asia and the Middle East increased by 159%, 150% and 88% and 1,069%, respectively. We believe that a substantial portion of this growth is

due to our introduction of the Del Monte Gold® Extra Sweet pineapple. As a result of our continued expansion of existing pineapple operations, we expect to continue to increase the sales volume of our extra sweet pineapples in the near future with extra sweet pineapples grown in Costa Rica and the Philippines.

The principal production and procurement areas for our gold pineapples are Costa Rica and the Philippines. Given the complexity of pineapple cultivation relative to our bananas, a higher percentage of the fresh pineapples we sell (73% by volume in 2013) are produced on company-controlled farms.

#### Fresh-Cut Produce

Fresh-cut produce first gained prominence in many U.S. and European markets with the introduction of washed and cut vegetables. While packaged salads continue to lead the category of fresh-cut produce sales, the category has expanded significantly

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to include pineapples, melons, mangos, grapes, citrus and assorted vegetable produce items that are washed, cut and packaged in a ready-to-use form. Market expansion has been driven largely by consumer demand for convenient, fresh, healthy and ready-to-eat food alternatives, as well as significant demand from foodservice operators. Within this market, we believe that there has been increasing differentiation between companies active primarily in the packaged salad market and other companies, like us, that can offer a wide variety of fresh-cut fruit and vegetable items.

The majority of fresh-cut produce is sold to consumers through retail and club store settings, as well as non-conventional settings such as convenience stores, gas stations and airports. We believe that outsourcing by food retailers will increase, particularly as food safety regulations become more stringent and retailers demand more value-added services. We believe that this trend should benefit large branded suppliers like us, who are better positioned to invest in state of the art fresh-cut facilities and food safety systems and to service regional and national chains and foodservice operators, as well as supercenters, mass merchandisers, club stores and convenience stores. We also believe that large branded suppliers benefit from merchandising, branding and other marketing strategies for fresh-cut products, similar to those used for branded processed food products, which depend substantially on product differentiation.

We believe that the fresh-cut produce market continues to be one of the fastest-growing categories in the fresh produce segment, largely due to consumer trends favoring healthy and conveniently packaged ready-to-eat foods. We established a platform in this industry through acquisitions and by building upon our existing fresh-cut pineapple business. We believe that our experience in this market coupled with our sourcing and logistics capabilities and the DEL MONTE® brand have enabled us to achieve a leading position in this highly fragmented market. Based on the latest supermarket scan data as supplied by an independent market syndicated data provider for 2013, we believe that we are the market leader in branded fresh-cut fruit in the United States and the leading supplier of fresh-cut fruit to the convenience and club store channels. Our fresh-cut fruit products include Del Monte Gold® Extra Sweet pineapples, melons, grapes, citrus, apples, mangos, kiwis and other fruit items. The fruit we use in our fresh-cut operations are sourced within our integrated system of company-controlled farms and from GAP-certified (good agricultural practices) independent growers. We also offer fresh-cut vegetables for prepared salads. We purchase our vegetables for these purposes from GAP-certified independent growers principally in the United States, Europe and in the Middle East. Our purchase contracts for both fruit and vegetables are typically short-term and vary by produce item. Our fresh-cut products are sold in the United States, the United Kingdom, the Middle East and Japan.

### Non-Tropical Fruit

Non-tropical fruit includes grapes, apples, pears, peaches, plums, nectarines, cherries, avocados, citrus and kiwis. Generally, non-tropical fruit grows on trees, bushes or vines that shed their leaves seasonally. Approximately 35% of our non-tropical fruit net sales are from grapes. Fresh grapes are a favorite quick, easy and healthy snack among consumers young and old. In addition to their taste, a growing body of research on fresh grapes suggests that grapes may offer significant health benefits as well. Fresh grapes are a well-known fruit worldwide, fitting into almost any lifestyle. Based on the United States Department of Agriculture (“USDA”), Economic Research Service, the per capita consumption of fresh grapes during the 2012-2013 season was approximately 7.8 pounds. Fresh grapes are also processed for the production of wine, raisins, juices and canned products. The higher production cost and higher product value of fresh grapes result from more intensive production practices than are required for grapes grown for processing. While California supplies the majority of total grape volume, imports have made fresh grapes available year-round in the United States, with shipments mostly from Chile. Most U.S. production is marketed from May to October. Chilean grapes dominate the market from December to April.

Approximately 25% of our non-tropical fruit net sales are from the sale of avocados. According to the latest published statistics from the USDA, for the 10-year period from 2003 to 2013, avocado imports to the United States increased by 719%. Per capita consumption of avocados in the United States also increased significantly in the last 10



years. According to the Economic Research Service of the USDA, per capita consumption of avocados reached approximately 5.3 pounds during the 2012-2013 season.

We sell a variety of non-tropical fruit, including all of the types referred to above. In 2013, non-tropical fruit sales in North America, Europe, the Middle East, Asia and South America accounted for approximately 52%, 5%, 27%, 10% and 6%, respectively, of our total net sales of non-tropical fruit. We obtain our supply of non-tropical fruit from company-owned farms in Chile and from independent growers principally in Chile, the United States and Mexico. In Chile, we purchase non-tropical fruit from independent growers and also produce a variety of non-tropical fruit on approximately 5,600 acres of company-owned or leased land. Our avocados are sourced principally from Mexico. In Mexico, we have our own sourcing operations, ensuring a consistent supply of high-quality non-tropical fruit during the growing season. Purchase contracts for non-tropical fruit are typically made on an annual basis.

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### Melons

According to the latest FAO data, for the 10-year period from 2001 to 2011, the volume of imports of cantaloupes and other melons increased in Europe, North America, Asia and the Middle East by 47%, 3%, 44% and 90% respectively. Based on USDA Economic Research Service, during 2012, total per capita consumption of melons in the United States reached approximately 24.5 pounds, of which 7.6 pounds were cantaloupes. Melons are one of the highest volume fresh produce items, and this category includes many varieties, such as cantaloupe, honeydew, specialty melons and watermelon. During the summer and fall growing seasons in the United States, Canada and Europe, demand is met in large part by local suppliers of unbranded or regionally branded melons. By contrast, in North America and Europe, imports significantly increase, and melons generally command premium pricing from November to May. Melons are grown in temperate and tropical locations and have a relatively short growing cycle.

We sell a variety of melons including cantaloupe, honeydew, MAG<sup>®</sup> melon, watermelon and specialty melons, which we introduced to meet the different tastes and expectations of consumers. Cantaloupes represented approximately 74% of our melon sales volume in 2013. We are a significant producer and distributor of melons from November to May in North America by sourcing melons from our company-controlled farms and independent growers in Central America, where production generally occurs during this period. Melons sold in North America and Europe from November to May generally command a higher price due to fewer operators and the lack of availability of alternative fruit. Melon sales in North America and Europe accounted for 94% and 5%, respectively, of our net sales of melons in 2013. Based on volume, we produced 90% of the melons we sold in 2013 on company-controlled farms and purchased the remainder from independent growers.

We are able to provide our customers in North America with a year-round supply of melons from diverse sources. For example, we supply the North America market during its summer season with melons from Arizona, California and the East Coast of the United States. In Arizona, we have our own melon growing operation on approximately 3,500 acres of leased land.

We have devoted significant research and development efforts towards maintaining our expertise in melons, especially cantaloupes. Melon crop yields are highly sensitive to weather conditions and are adversely affected by high levels of precipitation during the growing period of the fruit. We have developed specialized melon growing technology that we believe has reduced our exposure to the risk of intemperate weather conditions and significantly increased our yields.

### Tomatoes

The United States is one of the largest producers of tomatoes in the world, ranking second to China. Mexico and Canada are also important suppliers of fresh tomatoes within North America. For 2012, The Packer, an industry publication, reported that fresh tomatoes were in 80% of American consumer's shopping carts and remained a top performer for food retailers, generating approximately 5.8% of a retailers' total produce sales.

We source our tomatoes mainly from the United States, Mexico, Canada and Guatemala. The tomato category is highly fragmented with many growers, re-packers and wholesalers in various geographic regions of the United States. As a high volume item, tomatoes are important for our network of distribution and re-packing facilities. This product category allows us to add value through leveraging our purchase volumes to reduce costs and perform the sorting, packaging and custom labeling locally, in addition to delivering on a just-in-time basis to retail chains and foodservice customers. With our fresh-cut fruit and vegetable facilities, we can add additional value by incorporating tomatoes into our consumer-packaged products. We have developed a greenhouse tomato operation in Guatemala where we source volume for the North America market. During October 2013, we acquired approximately 7,200 total acres of agricultural production land, packing houses and farm equipment in Florida and Virginia in order to expand

out tomato category in North America. We believe this acquisition of field tomato and vegetable assets complements our state-of-the-art greenhouse operation in Costa Rica and Guatemala and gives us the opportunity to continue to expand out tomato and vegetable product offerings. Also, it enables us to provide our customers with high-quality, locally grown produce, strengthening our competitive position in the tomato industry.

#### Vegetables

We distribute and market a variety of vegetables including potatoes, onions, bell peppers and cucumbers. While we sell bulk product, we also use our size and distribution network to find opportunities to add value such as sorting and packaging. We source our vegetables from independent growers in North and Central America and from our own greenhouse operation in Costa Rica. We plan to use the newly acquired agricultural production land in Florida and Virginia to grow vegetables for the North America market.

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### Other Fruit, Products and Services

We produce, distribute and market a variety of other fruit, including strawberries, plantains and mangos, as well as various other varieties of fruit. We source these other fruit items from company controlled farms and independent growers in Costa Rica, Colombia, Guatemala and the United States.

Included in Other Fruit, Products and Services is also our third-party ocean freight business, our third-party plastics and box manufacturing business. Our third-party ocean freight business allows us to generate incremental revenue on vessels' return voyages to our product sourcing locations and when space is available on outbound voyages to our major markets, which reduces our overall shipping costs. Our plastics and box manufacturing business produces bins, trays, bags and boxes. The box manufacturing business is intended mainly to satisfy internal packaging requirements. In the case of the plastic manufacturing business, we principally sell these products to third parties and also use a portion for our own internal packaging requirements.

### Prepared Food

We have a royalty-free perpetual license to use the DEL MONTE® Trademark in connection with the production, manufacture, sale and distribution of prepared foods and beverages in over 100 countries throughout Western, Eastern and Central Europe, Africa, the Middle East and countries formerly part of the Soviet Union. In Europe, Del Monte is the premier brand with an approximate 90 year history associated with fruit-based or fruit-derived products and is the leading brand for canned fruit and pineapple in many Western European markets. The Del Monte brand has had a presence in the United Kingdom, the largest market, since 1926 and is perceived to be a quality brand with high consumer awareness. The Del Monte® brand has a reputation with both consumers and retailers for value, quality and reliability.

We produce, distribute and market prepared pineapple, peaches, fruit cocktail, pears, tomatoes, fruit juices and other fruit and vegetables. Our prepared pineapple products are sourced from our own facility in Kenya. Our deciduous prepared food products, which include peaches, fruit cocktail, pears and apricots are principally sourced from our own facility in Greece and from independent producers. Our tomato products are sourced from independent producers in Europe and the Middle East. We also distribute and market beverages, including ambient juices and juice drinks as well as various snacks. Our prepared food products are sold primarily under the DEL MONTE® label and under the buyers' own label for major retailers. We also produce and market industrial products that are composed of fruit that has been processed in our production facilities in the form of purees, pulps and concentrates for further processing (juice, yogurt, cake manufacture, pizza, etc.) and for sale to the foodservice industry worldwide. We expect to continue investing in new product development to increase revenue, maintain our premium price position and market leadership in our product categories. We plan to expand our offerings in the snack category by offering multiple varieties and sizes of fruit and vegetables in plastic pots with new and improved recipes and various juice bars, targeting the convenience store and foodservice trade in selected European and Middle East markets. During the fourth quarter of 2013, we impaired 100% of the goodwill and partially impaired the trademark associated with our 2004 acquisition of the prepared food business in Europe, Africa, the Middle East and countries formerly part of the Soviet Union. This impairment was principally due to the failure of this business to meet our expectations due to under-performance of the prepared food business in Europe combined with the recent cyclical downturn in industrial products. We are focusing on improving the European prepared food business and concentrating on higher growth markets in the Middle East.

Our prepared food segment also includes our Jordanian food business. This business includes a state-of-the-art vertically integrated poultry business, including poultry farms, feed mill, slaughterhouse and a meat processing plant in Jordan. Our Jordanian poultry business is the leading provider of poultry products to retail stores and foodservice operators in that country. The meat processing operation provides meat products for the Jordanian market and to other

Middle East and North African markets.

#### Logistics Operations

We market and distribute our products to retail stores, foodservice operators, wholesalers and distributors in over 100 countries around the world. As a result, we conduct complex logistics operations on a global basis, transporting our products from the countries in which they are grown to the many markets in which they are sold worldwide. Maintaining fruit at the appropriate temperature is an important factor in preventing premature ripening and optimizing product quality and freshness. Consistent with our reputation for high-quality fresh produce, we must preserve our fresh fruit in a continuous temperature-controlled environment, beginning with the harvesting of the fruit in the field through its distribution to our end markets.

We have a fully integrated logistics network, which includes land and sea transportation through a broad range of refrigerated environments in vessels, port facilities, containers, trucks and warehouses. Our objective is to maximize utilization of our logistics network to lower our average per-box logistics cost, while remaining sufficiently flexible to redeploy capacity or shipments to meet fluctuations in demand in our key markets. We believe that our control of the logistics process is a competitive

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advantage because we are able to continuously monitor and maintain the quality of our produce and ensure timely and regular distribution to customers on a year-round basis. Because logistics costs are also our largest expense other than our cost of products, we devote substantial resources to managing the scheduling and availability of various means of reliable transportation.

We transport our fresh produce to markets worldwide using our fleet of 15 owned and 8 chartered refrigerated vessels. In addition, we also spot charter refrigerated vessels during the year based on seasonal requirements. During 2013, we acquired two pre-owned refrigerated vessels and sold one of our older vessels. The majority of our chartered vessels are chartered for terms of two to 10 years. We believe that our fleet of owned vessels, combined with longer-term charters, is effective in reducing our ocean freight costs and mitigates our exposure to the volatility of the charter market. We also operate a fleet of approximately 4,500 refrigerated containers, 15% are owned and the remaining 85% are under operating leases. Our logistics system is supported by various information systems. As a vertically integrated food company, managing the entire distribution chain from the field to the customer requires the technology and infrastructure to meet our customers' complex delivery needs.

## Sales and Marketing

DEL MONTE® is a 120-year old brand that is recognized by consumers worldwide for quality, freshness and reliability. We employ a variety of marketing tools, including but not limited to advertising, public relations and promotions, to reinforce our brand equity with consumers and the trade. Depending on the product and market, we also provide technical, logistical and merchandising support aimed at safeguarding the superior quality of our products to the ultimate consumer. Our sales and marketing activities are conducted by our sales force located at our sales offices worldwide and at each of our distribution centers. Our commercial efforts are supported by marketing professionals located in key markets and regional offices. A key element of our sales and marketing strategy is to use our distribution centers and fresh-cut facilities as a means of providing value-added services to our customers.

We actively support our customers through technical training in the handling of fresh produce, in-store merchandising support, joint promotional activities, market research and inventory and other logistical support. Since most of our customers carry only one branded product for each fresh produce items, our marketing and promotional efforts for fresh produce emphasize trade advertising and in-store promotions.

We have an exclusive worldwide license to the Controlled Ripening Technology ("CRT"), one of the most recent innovations in banana packaging. CRT packaging was created for individual single-serve packages, a 10-pound institutional pack and 40-pound bulk as well as bagged banana boxes. This packaging utilizes state-of-the-art technology to help improve the ripening and handling process while helping retailers increase banana sales, reduce product losses and maximize profits by extending the product's yellow shelf life.

The level of marketing investment necessary to support the prepared food business is significantly higher than that required for the fresh produce and fresh-cut fruit and vegetable business. We have utilized a variety of promotional tools to build the DEL MONTE® brand and engage consumers in key markets in Europe, Africa and the Middle East. In certain European markets, we utilize distributors to perform product distribution, sales and marketing activities for the prepared food business. Under these distribution agreements, the sales, warehousing, logistics, marketing and promotion functions are all performed by the distributor. This strategy of utilizing independent distributors enables us to reduce distribution and sales and marketing expenses. In addition, we plan to expand our prepared food business by entering new markets in Eastern Europe, Africa and the Middle East and by expanding our offerings in the snack category, targeting the convenience store and foodservice trade in selected European and Middle East markets.

During 2013, one customer, Wal-Mart, Inc. (including its affiliates), 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 2013, the top 10 customers accounted for approximately 29% of our net sales.

Note 22, "Business Segment Data" included in Item 8. Financial Statements and Supplementary Data contains information regarding net sales to external customers attributable to each of our reportable segments and geographic regions, gross profit by each of our reportable segments, total assets attributable to each of our geographic regions, and information concerning the dependence of our reportable segments on foreign operations, for each of the years 2013, 2012 and 2011.

#### North America

In 2013, 54% of our net sales were in North America. In North America, we have established a highly integrated sales and marketing network that builds on our ability to control transportation and distribution throughout our extensive logistics network. We operate a total of 23 distribution centers and fresh-cut facilities in North America. Our distribution centers have

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ripening capabilities and/or other value-added services. In 2013, we constructed a new state-of-the-art distribution center in Ontario, Canada including fresh-cut production and banana ripening rooms. We also operate four port facilities, which include cold storage facilities.

Our logistics network provides us with a number of sales and marketing advantages. For example, because we are able to maintain the quality of our fresh produce in a continuous temperature-controlled environment, we are under less pressure to fully sell a shipment prior to its arrival at port. We are thus better able to manage the timing of our sales to optimize our margins. Our ability to off-load shipments for cold storage and distribution throughout our network also improves ship utilization by minimizing in-port docking time. Our logistics network also allows us to manage our inventory among distribution centers to effectively respond to changes in customer demand.

We have sales professionals in locations throughout the United States and Canada. We sell to leading grocery stores and other retail chains, wholesalers, mass merchandisers, supercenters, foodservice operators, club stores, convenience stores and distributors in North America. These large customers typically take delivery of our products at the port facilities, which we refer to as FOB delivery. We also service these customers, as well as an increasing number of smaller regional chains and independent grocers, through our distribution centers.

### Europe

In 2013, 19% of our net sales were in Europe. We distribute our fresh produce and prepared food products throughout Europe. Our fresh produce products are distributed to leading retail chains, smaller regional customers as well as to wholesalers and distributors through direct sales and distribution centers. In the United Kingdom, we operate one fresh-cut facility. During 2012, we closed a prepared salad fresh-cut facility in the United Kingdom due to under-utilization. In Germany, we currently operate one distribution center. Two distribution centers were closed in Germany and two were closed in Poland during 2013 as a result of low customer demand for value-added services. In France, we recently opened a distribution center with banana ripening capabilities to service an expanding customer base. In the Netherlands, we have a sales and marketing entity. Commencing in 2012, we began performing our own fresh produce distribution in southern Europe by establishing our own sales and marketing organization and as a result we expanded our sales and marketing organization in France, Spain and Italy and during 2013 we opened a new sales and marketing office in Portugal.

Our prepared food products are distributed through independent distributors throughout most of Europe, except in Russia where we perform our own sales and marketing. In the United Kingdom, our prepared food products are distributed using a combination of both independent distributors and our own marketing entity.

### Middle East and North Africa

In 2013, 14% of our net sales were in the Middle East and North Africa. We distribute our products through independent distributors and company-operated distribution facilities. In recent years, we have increased our sales in the Middle East market through distributors and established our own direct sales initiatives. Our distribution/manufacturing center in Dubai, United Arab Emirates (“UAE”) is a state-of-the-art facility with just-in-time delivery capabilities that includes banana ripening and cold storage facilities, fresh-cut fruit and vegetable operations and an ultra-fresh juice manufacturing operation. We distribute these products in the UAE and export them to other Middle East countries. We also operate a distribution center in Abu-Dhabi, UAE that includes banana ripening and cold storage facilities. In Saudi Arabia, through our 60%-owned joint venture, we own two distribution centers with banana ripening, cold storage facilities and fresh-cut fruit and vegetable operations and prepared food manufacturing capabilities for juices, potatoes and sandwiches. One of the distribution centers is located in Riyadh, the capital city of Saudi Arabia, and the other distribution center is located in Jeddah, the second largest city in the country. These strategically located distribution centers distribute our fresh produce and prepared food products to this growing



market. In addition, we market and distribute prepared food products in the UAE, Jordan, Saudi Arabia and various other Middle East and North African markets. In Jordan, we own a state-of-the-art vertically integrated poultry business including poultry farms, feed mill, slaughterhouse and a meat processing plant. We are the leading provider of poultry products to retail stores and foodservice operators in that country. In Jordan, we also own a meat processing operation that provides meat products for the local market and for export to other Middle East and North African markets. As part of our expansion in the region, during 2013, we opened a sales and marketing office in Turkey and one in the Ukraine. We believe that the Middle East, North Africa and countries formerly part of the Soviet Union represent an area for increased sales and development of our fresh and prepared food products. Utilizing our extensive knowledge of this region, we plan to capitalize on this opportunity with increased focus and investments in these markets.

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### Asia

In 2013, 12% of our net sales were in Asia. We distribute our products in Asia through direct marketing and large distributors. Our principal markets in this region are Japan, South Korea, mainland China and Hong Kong. In Japan, we distribute 100% of the products we sold in 2013 through our own direct sales and marketing organization. We have also recently expanded our existing fresh-cut operations in Japan which contributed to an increase in gross profit. Our products are distributed from four distribution centers located at strategic ports in Japan with cold storage and banana ripening operations.

We also engage in direct sales and marketing activities in South Korea and Hong Kong. In other Asian markets, including mainland China, we sell to local distributors. We have one distribution center and banana ripening facility in Hong Kong. In South Korea, we have three distribution centers that utilize state-of-the art ripening technology. This increases our ability to offer value-added services to our customers.

### South America

In South America, we have direct sales and marketing activities in strategic markets and also utilize local distributors in this region. Our sales in these markets focus mainly on non-tropical fruit including grapes, apples, pears, peaches, plums, cherries, kiwi and nectarines.

### Competition

We compete based on a variety of factors, including the appearance, taste, size, shelf life and overall quality of our fresh produce, price and distribution terms, the timeliness of our deliveries to customers and the availability of our produce items. The fresh produce business is highly competitive, and the effect of competition is intensified because our products are perishable. Competition in the sale of bananas, pineapples, melons and the other fresh fruit and vegetables that we sell comes from competing producers and distributors. Our sales are also affected by the availability of seasonal and alternative produce. While historically our main competitors have been multinational banana and pineapple producers, our significantly increased product offering in recent years has resulted in additional competition from a variety of companies. These companies include local and regional producers and distributors in each of our fresh produce and fresh-cut product categories.

The extent of competition varies by product. In the pineapple 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 our Del Monte Gold® Extra Sweet pineapple, which has negatively affected our results.

In the banana market, we continue to face competition from a limited number of large multinational companies. At times, particularly when demand is greater than supply, we also face competition from a large number of relatively small banana producers. Unlike the pineapple and non-tropical fruit markets, there are few barriers to entry into the banana market. Supplies of bananas can be increased relatively quickly due to bananas relatively short growing cycle and the limited capital investment required for banana growing. As a result of changes in supply and demand, as well as seasonal factors, banana prices fluctuate significantly.

In the melon market, we compete with producers and distributors of both branded and unbranded melons. From June to October, the peak North American and European melon-growing season, many growers enter the market with less expensive unbranded or regionally branded melons due to the relative ease of growing melons during this period, the short growth cycle and reduced transportation costs resulting from the proximity of the melon farms to the markets. These factors permit many smaller domestic growers to enter the market. During the offshore growing season from

November to May, we compete with growers principally in Central America. In recent years, there has been an abundant supply of melons in the market during the offshore growing season, which has negatively affected our results.

The fresh-cut produce market is highly fragmented, and we compete with a wide variety of local and regional distributors of branded and unbranded fresh-cut produce and, in the case of certain fresh-cut vegetables, a small number of large, branded producers and distributors. However, we believe that our principal competitive challenge is to capitalize on the growing trend of retail chains and independent grocers to outsource their own on-premises fresh-cut operations. We believe that our sales strategy, which emphasizes not only our existing sources of fresh produce, but also a full range of value-added services, strict compliance with food safety standards and our national distribution capability, positions us to increase our share of this market.

The processed fruit and beverage markets are mature markets characterized by high levels of competition and consumer awareness. Consumer choices are driven by price and/or quality. Large retailers with their “buyers own label” (“BOL”) products appeal to price-conscious consumers, while brand names are the key differentiator for quality-focused consumers. In the processed

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food and beverage markets in Europe, Africa and the Middle East, we compete with various local producers, large retailers with their BOL products, as well as with large international branded companies. It is in the branded section that our processed foods products, specifically, canned fruit and pineapple in many European countries, hold a leading position in these markets. The mature state of the market in Western Europe, together with the strength and sophistication of the large retailers there, account in part for the increasing presence of BOL products in many food and beverage categories. In the past few years, we have faced increased competitive pressure, particularly in the U.K. market, for branded processed food and beverage products. At the same time, our marketing and distribution costs in these European markets have increased. In order to reduce our costs and increase our competitiveness in the processed food business, we use distributors in certain key European markets to perform product distribution and sales and marketing activities. Under these arrangements, the sales, warehousing, logistics, marketing and promotion functions are all performed by the distributor. In the United Kingdom, we have also outsourced our beverage production. This strategy takes advantage of lower cost and established marketing and distribution networks and enables us to reduce costs and increase our competitiveness in these mature markets.

## Quality Assurance

To ensure the consistent high quality of our products, we have a quality assurance group that maintains detailed quality specifications for all our products so that they meet or exceed minimum regulatory requirements. Our specifications require extensive sampling of our fresh produce at each stage of the production and distribution process to ensure high quality and proper sizing, as well as to identify the primary sources of any defects. Our fresh produce is evaluated based on both external appearance and internal quality, using size, color, porosity, translucence and sweetness as criteria. Only fresh produce meeting our stringent quality specifications is sold under the DEL MONTE® brand.

We are able to maintain the high quality of our products by growing a substantial portion of our own produce and working closely with our independent growers. We insist that all produce supplied by our independent growers meet the same stringent quality requirements as the produce grown on our farms. Accordingly, we monitor our independent growers to ensure that their produce will meet our agricultural and quality control standards, offer technical assistance on certain aspects of production and packing and, in some cases, manage the farms. The quality assurance process begins on the farms and continues as harvested products enter our packing facilities. Where appropriate, we cool the fresh produce at our packing facilities to maximize quality and optimize shelf life. As an indication of our commitment to quality, many of our operations have received certificates of compliance from the International Standards of Operation, in environmental compliance (14001) and production processes (9001). We are also GlobalGap certified and in 2011, all of our operations that produce or handle high risk foods (tomatoes, melons or leafy greens) achieved certification to the Hazard Analysis & Critical Control Points ("HACCP") based safe quality food standard. HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product. Taken together, these certifications reflect our commitment to quality and the strictest standards of food safety.

## Government Regulation

Agriculture and the sale and distribution of fresh produce are subject to extensive regulation by government authorities in the countries where the produce is grown and the countries where it is marketed. We have internal policies and procedures to comply with the most stringent regulations applicable to our products, as well as a technical staff to monitor pesticide usage and compliance with applicable laws and regulations. We believe we are in material compliance with these laws and regulations.

We are also subject to various government regulations in countries where we market our products. The countries in which we market a material amount of our products are the United States, Canada, the countries of the European Union (“EU”), Japan, China, South Korea, Jordan, the UAE and Saudi Arabia. These government regulations include:

•sanitary regulations, particularly in the United States and the EU;

•regulations governing pesticide use and residue levels, particularly in the United States, United Kingdom, Germany and Japan; and

•regulations governing traceability, packaging and labeling, particularly in the United States and the EU.

Any failure to comply with applicable regulations could result in an order barring the sale of part or all of a particular shipment of our products or, in an extreme case, the sale of any of our products for a specified period. In addition, we believe there has been an increasing emphasis on the part of consumers, as well as retailers, wholesalers, distributors and foodservice operators,

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on food safety issues, which could result in our business and operations being subject to increasingly stringent food safety regulations or guidelines.

Although the fresh-cut produce industry is not currently subject to any specific governmental regulations, we cannot predict whether or when any regulation will be implemented or the scope of any possible regulation.

### European Union Banana Import Regulations

In November 2005, the EU agreed to reform its controversial banana import license regime. Latin America banana exporters and the United States long have complained that the EU's banana trading system favored African, Caribbean and Pacific countries ("ACP") in violation of global trade rules. From January 1, 2006, the quotas controlling import volumes of "third country" (almost exclusively Latin American) bananas coming into the EU were eliminated. Importers were required to pay a euro ("€") tariff of €176 per ton and a small guarantee of €15 per ton. Import licenses have been eliminated, but an import certificate is still required. The EU agreed to retain a duty-free quota of 775,000 tons per annum for bananas from ACP countries. In December 2007, most of the ACP countries, including Cameroon, signed a bilateral agreement with the EU that allows bananas duty free access to the EU market without any quantitative limitation commencing on January 1, 2008. On December 15, 2009, the EU entered into an agreement with certain Latin America banana exporting countries to settle the long running dispute over banana import tariffs. This agreement was ratified in May 2010. In addition, the EU will gradually reduce import tariffs on bananas from Latin America on an annual basis. The current level of €132 per ton in 2013 will be reduced to €114 per ton by 2017 as follows: 2014-€127, 2015-€122, 2016-€117 and 2017-€114. Also, the EU has entered into Free Trade Agreements with Colombia, Peru and five Central American countries. Under these bilateral trade agreements, duties on bananas will fall progressively to €75 per ton by 2020.

### Environmental Proceedings

The management, use and disposal of some chemicals and pesticides are inherent aspects of our production operations. These activities and other aspects of production are subject to various environmental laws and regulations, depending upon the country of operation. In addition, in some countries of operation, environmental laws can require the investigation and, if necessary, remediation of contamination related to past or current operations. We are not a party to any dispute or legal proceeding relating to environmental matters where we believe that the risk associated with the dispute or legal proceeding would be material, except as described in Item 3. Legal Proceedings and Note 17, "Litigation" to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data in connection with the Kunia Well Site.

On May 10, 1993, the EPA identified a certain site at our plantation in Hawaii for potential listing on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended. See Item 3. Legal Proceedings and Note 17, "Litigation" to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

### 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 analysis 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 United States 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<sup>®</sup> Extra Sweet pineapple and other pineapple and melon varieties; and
- improved irrigation methods and soil preparation for melon planting.

Our total corporate research and development expenses were \$4.4 million, \$4.0 million and \$3.6 million for 2013, 2012 and 2011, respectively, and are included in selling, general and administrative expenses in the Consolidated Financial Statements.

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We have the exclusive right to use the DEL MONTE® brand for fresh fruit, fresh vegetables and other fresh and fresh-cut produce and certain other specified products 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. 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.

We also have a royalty-free perpetual license to use the DEL MONTE® trademark in connection with the production, manufacture, sale and distribution of all food and beverage products in Europe, Africa, the Middle East and countries formerly part of the Soviet Union.

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.

## Seasonality

In part, as a result of seasonal sales price fluctuations, we have historically realized a greater portion of our net sales and 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 selling 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:

	Year ended	
	December 27, 2013	December 28, 2012
Net sales:		
First quarter	\$918.8	\$897.9
Second quarter	1,023.9	957.6
Third quarter	861.1	788.8
Fourth quarter	879.9	776.9
Total	\$3,683.7	\$3,421.2
Gross profit:		
First quarter	\$98.6	\$112.4
Second quarter	105.9	116.4
Third quarter	53.0	74.4
Fourth quarter	32.9	38.5



Total	\$290.4	\$341.7
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Employees

At year end 2013, we employed approximately 46,000 persons worldwide, substantially all of whom are year-round employees. Approximately 77% of these persons are employed in production locations. We believe that our overall relationship with our employees and unions is satisfactory.

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Organizational Structure

We are organized under the laws of the Cayman Islands and, as set forth in our Amended and Restated Memorandum of Association, we are a holding company for the various subsidiaries that conduct our business on a worldwide basis. Our significant subsidiaries, all of which are directly or indirectly wholly owned, are:

Subsidiary	Country of Incorporation
Corporacion de Desarrollo Agricola Del Monte S.A.	Costa Rica
Del Monte B.V.	Netherlands
Del Monte Fresh Produce Company	United States
Del Monte Fresh Produce International Inc.	Liberia
Del Monte Fresh Produce N.A., Inc.	United States
Del Monte Fund B.V.	Curacao
Del Monte International GmbH	Switzerland
Del Monte Fresh Produce Sarl	Luxembourg

Web site Access to Reports

We file annual, quarterly and current reports, and amendments to those reports, proxy statements and other information with the SEC. You may access and read our filings without charge through the SEC's Web site at [www.sec.gov](http://www.sec.gov). You may also read and copy any document we file with the SEC at the SEC's Public Reference Room located at 100 F Street, NE, Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports can be viewed on the Company's Web site at [www.freshdelmonte.com](http://www.freshdelmonte.com) as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Information on our Web site is not a part of this Annual Report on Form 10-K.

In addition, copies of our annual report may be obtained free of charge, upon written request to attention: Investor Relations, c/o Del Monte Fresh Produce Company, 241 Sevilla Avenue, Coral Gables, Florida 33134.

Item 1A. Risk Factors

We are subject to many risks and uncertainties that may affect our future financial performance and our stock price. Some of the risks and uncertainties that may cause our financial performance to vary or that may materially or adversely affect our financial performance or stock price are discussed below.

We could realize losses and suffer liquidity problems due to declines in sales prices for bananas, pineapples and other fresh produce.

Our profitability depends largely upon our profit margins and sales volumes of bananas, pineapples and other fresh produce. In 2011, 2012 and 2013, banana sales accounted for the most significant portion of our total net sales, and historically pineapple sales have accounted for the most significant portion of our total gross profit.

Supplies of bananas can be increased relatively quickly due to the banana's relatively short growing cycle and the limited capital investment required for banana growing. As a result of imbalances in supply and demand and import regulations, banana prices fluctuate; consequently, our operating results could be adversely affected.

Sales prices for bananas, pineapples and other fresh produce are difficult to predict. It is possible that sales prices for bananas and pineapples will decline in the future, and sales prices for other fresh produce may also decline. In recent years, there has been increasing consolidation among food retailers, wholesalers and distributors. We believe the increasing consolidation among food retailers may contribute to further downward pressure on our sales prices. In the event of a decline in sales prices or sales volumes, we could realize significant losses, experience liquidity problems and suffer a weakening in our financial condition. A significant portion of our costs is fixed, so that fluctuations in the sales prices have an immediate impact on our profitability. Our profitability is also affected by our production costs, which may increase due to factors beyond our control.

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Due to fluctuations in the supply of and demand for fresh produce, our results of operations are seasonal, and we realize a greater portion of our net sales and gross profit during the first two quarters of each year.

In part as a result of seasonal sales price fluctuations, we have historically realized a greater portion of our gross profit during the first two quarters of each 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 during that period varies because of the availability of seasonal and alternative fruit. As a result, demand for bananas is seasonal and generally results in higher sales prices during the first six months of each calendar year. 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. In the North American and European regions, we realize most of our sales and gross profit for melons, grapes and non-tropical fruit from November to May. In the prepared food business, we historically realize the largest portion of our net sales and gross profit in the third and fourth quarters of the year.

Crop disease, severe weather, natural disasters and other conditions affecting the environment, including the effects of climate change, could result in substantial losses and weaken our financial condition.

Crop disease, severe weather conditions, such as floods, droughts, windstorms and hurricanes, and natural disasters, such as earthquakes, may adversely affect our supply of one or more fresh produce items, reduce our sales volumes, increase our unit production costs or prevent or impair our ability to ship products as planned. This is particularly true in the case of our premium pineapple product, the Del Monte Gold<sup>®</sup> Extra Sweet pineapple, because a substantial portion of our production is grown in one region in Costa Rica. Since a significant portion of our costs are fixed and contracted in advance of each operating year, volume declines due to production interruptions or other factors could result in increases in unit production costs, which could result in substantial losses and weaken our financial condition. We have experienced crop disease, insect infestation, severe weather and other adverse environmental conditions from time to time, including hurricanes, droughts, floods and earthquakes in our sourcing locations. Severe weather conditions may occur with higher frequency or may be less predictable in the future due to the effects of climate change. When crop disease, insect infestations, severe weather, earthquakes and other adverse environmental conditions destroy crops planted on our farms or our suppliers' farms or prevent us from exporting them on a timely basis, we may lose our investment in those crops or our purchased fruit cost may increase.

The fresh produce and prepared food markets in which we operate are highly competitive.

The fresh produce and prepared food business is highly competitive, and the effect of competition is intensified because most of our products are perishable. In banana and pineapple markets, we compete principally with a limited number of multinational and large regional producers. In the case of our other fresh fruit and vegetable products, we compete with numerous small producers, as well as regional competitors. Our sales are also affected by the availability of seasonal and alternative fresh produce. The extent of competition varies by product. To compete successfully, we must be able to strategically source fresh produce and prepared food of uniformly high quality and sell and distribute it on a timely and regular basis. In addition, our profitability has depended significantly on our gross profit on the sale of our Del Monte Gold<sup>®</sup> Extra Sweet pineapples. Increased competition in the production and sale of Del Monte Gold<sup>®</sup> Extra Sweet pineapples has adversely affected our results. We expect these competitive pressures to continue.

We are subject to material currency exchange risks because our operations involve transactions denominated in various currencies.

We conduct operations in many areas of the world involving transactions denominated in various currencies, and our results of operations, as expressed in dollars, may be significantly affected by fluctuations in rates of exchange between currencies. Although a substantial portion of our net sales (40% in 2013) are denominated in non-dollar currencies, we incur a significant portion of our costs in dollars. Although we periodically enter into currency forward contracts as a hedge against currency exposures, we may not enter into these contracts during any particular period or these contracts may not adequately offset currency fluctuations. We generally are unable to adjust our non-dollar local currency sales prices to compensate for fluctuations in the exchange rate of the dollar against the relevant local currency. In addition, there is normally a time lag between our costs incurred and collection of the related sales proceeds. Accordingly, if the dollar appreciates relative to the currencies in which we receive sales proceeds, our operating results may be negatively affected. Our costs are also affected by fluctuations in the value, relative to the U.S. dollar, of the currencies of countries in which we have significant production operations, with a weaker dollar resulting in increased production costs.

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Our strategy of diversifying our product line, expanding into new geographic markets and increasing the value-added services that we provide to our customers may not be successful.

We are diversifying our product line through acquisitions and internal growth. In addition, we have expanded our service offerings to include a higher proportion of value-added services, such as the preparation of fresh-cut produce, ripening, customized sorting and packing, direct-to-store delivery and in-store merchandising and promotional support. This strategy represents a significant departure from our traditional business of delivering our products to our customers at the port. In recent periods, we have made significant investments in distribution centers, fresh-cut and prepared food facilities through capital expenditures and have expanded our business into new geographic markets. We may not be successful in anticipating the demand for these products and services, in establishing the requisite infrastructure to meet customer demands or the provision of these value-added services. During recent years, we incurred significant asset impairment and other charges as a result of our continuing efforts to align our diversified product lines to meet market demand. During 2013, we incurred \$99.6 million in goodwill and trademark impairment charges principally attributable to the 100% impairment of the goodwill and a partial impairment of the trademark associated with our 2004 acquisition of the prepared food business in Europe, Africa, the Middle East and the countries formerly part of the Soviet Union primarily due to the under-performance of the prepared food business in Europe and the failure of this business to meet our expectations combined with the recent cyclical downturn in industrial products. We also incurred \$22.1 million in asset impairment charges for exit activity in Brazil, the closure of certain areas of banana plantation in Costa Rica and the Philippines and the closure of a distribution facility in Germany, partially offset by a gain on the sale of a previously impaired distribution facility.

If we are unable to improve our operating margins in the banana segment, the banana goodwill may be at risk for impairment in the future and we may incur additional asset impairments. If we are not successful in our diversification efforts, our business, financial condition or results of operations could be further materially and adversely affected.

The loss of one or more of our largest customers, or a reduction in the level of purchases made by these customers, could negatively impact our sales and profits.

Sales to Wal-Mart, Inc., our largest customer, amounted to approximately 12% of our total net sales in 2013 and our top 10 customers collectively accounted for approximately 29% of our total net sales. We expect that a significant portion of our revenues will continue to be derived from a relatively small number of customers. We believe these customers make purchase decisions based on a combination of price, product quality, consumer demand, customer service performance, desired inventory levels and other factors that may be important to them at the time the purchase decisions are made. Changes in our customers' strategies or purchasing patterns, including a reduction in the number of brands they carry, may adversely affect our sales. Additionally, our customers may face financial or other difficulties which may impact their operations and cause them to reduce their level of purchases from us, which could adversely affect our results of operations. Customers also may respond to any price increase that we may implement by reducing their purchases from us, resulting in reduced sales of our products. If sales of our products to one or more of our largest customers are reduced, this reduction may have a material adverse effect on our business, financial condition, and results of operations. Any bankruptcy or other business disruption involving one of our significant customers also could adversely affect our results of operations.

Increased prices for fuel, packaging materials or short-term refrigerated vessel charter rates could increase our costs significantly.

Our costs are determined in large part by the prices of fuel and packaging materials, including containerboard, plastic, resin and tin plate. We may be adversely affected if sufficient quantities of these materials are not available to us. 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.

During 2012, the cost of fuel increased 8% and containerboard decreased 8% as compared with 2011. During 2013, cost of fuel decreased 7%, containerboard increased 4% and fertilizer decreased 13%. In addition, we are subject to the volatility of the charter vessel market because 8 of our refrigerated vessels are chartered. These charters are principally for periods of two to 10 years. Charter rates have generally remained stable over the past three years. As a result, significant increases in fuel, packaging material and charter rates would materially and adversely affect our results.

Compliance with regulation aimed at mitigating the effects of climate change, as discussed elsewhere in these Risk Factors, could also increase the cost of fuel for our shipping and logistics operations. We might be unable to adjust our product pricing to reflect our increased costs. Even if we are able to adjust our product pricing, our customer's buying patterns could change to reflect a greater reliance on local production rather than imports.

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We are subject to the risk of product contamination and product liability claims.

The sales of our products involve the risk of injury to consumers. Such injuries may result from tampering by unauthorized personnel, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, or residues introduced during the growing, packing, storage, handling or transportation phases. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, including internal product safety policies, we cannot be sure that consumption of our products will not cause a health-related illness in the future or that we will not be subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our brand image. In addition, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. We maintain product liability insurance in an amount that we believe is adequate. However, we cannot be sure that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage, resulting in significant cash outlays that would materially and adversely affect our results and financial condition.

We are subject to legal and environmental risks that could result in significant cash outlays.

We are involved in several legal and environmental matters that, if not resolved in our favor, could require significant cash outlays and could materially and adversely affect our results of operations and financial condition. In addition, we may be subject to product liability claims if personal injury results from the consumption of any of our products. In addition, although the fresh-cut produce market is not currently subject to any specific governmental regulations, we cannot predict whether or when any regulation will be implemented or the scope of any such regulation.

The U.S. Environmental Protection Agency (“EPA”) has placed a certain site at our former plantation in Oahu, Hawaii on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980. Under an order entered into with the EPA, we completed a remedial investigation and engaged in a feasibility study to determine the extent of the environmental contamination. The remedial investigation report was finalized in January 1999 and approved by the EPA in February 1999. A final draft feasibility study was submitted for EPA review in December 1999 and updated in December 2001 and October 2002, and approved by the EPA in April 2003. In September 2003, the EPA issued the Record of Decision (“ROD”). The EPA estimated in the ROD that the remediation costs associated with the cleanup of our plantation would range from \$12.9 million to \$25.4 million. Certain portions of the EPA’s estimates were discounted using a 3% interest rate. The undiscounted estimates are between \$14.8 million to \$28.7 million. As of December 27, 2013, there is \$15.4 million included in other noncurrent liabilities and \$1.0 million included in accounts payable and accrued expenses in our Consolidated Balance Sheets relating to the Kunia well site clean-up, which we expect to expend in 2014. We expect to expend approximately \$1.0 million per year on this matter for the following five years. See Item 3. Legal Proceedings and Note 17, “Litigation” to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data. In addition, we are involved in several actions in U.S. and non-U.S. courts involving allegations by numerous Central American and Philippine plaintiffs that they were injured by exposure to a nematocide containing the chemical Dibromochloropropane (“DBCP”) during the 1970’s. See Item 3. Legal Proceedings and Note 17, “Litigation” to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Environmental and other regulation of our business, including potential climate change regulation, could adversely impact us by increasing our production cost or restricting our ability to import certain products into the United States.

Our business depends on the use of fertilizers, pesticides and other agricultural products. The use and disposal of these products in some jurisdictions are subject to regulation by various agencies. A decision by a regulatory agency to significantly restrict the use of such products that have traditionally been used in the cultivation of one of our principal



products could have an adverse impact on us. For example, most uses of methyl bromide, a pesticide used for fumigation of imported produce (principally melons) for which there is currently no known substitute, were phased out in the United States in 2006. However, various exemptions will allow its use offshore until 2015. Also, under the Federal Insecticide, Fungicide and Rodenticide Act, the Federal Food, Drug and Cosmetic Act and the Food Quality Protection Act of 1996, the EPA is undertaking a series of regulatory actions relating to the evaluation and use of pesticides in the food industry. Similarly, in the EU, regulation (EC) No. 1107/2009 which became effective on June 14, 2011, fundamentally changed the pesticide approval process from the current risk base to hazard criteria based on the intrinsic properties of the substance. These actions and future actions regarding the availability and use of pesticides could have an adverse effect on us. In addition, if a regulatory agency were to determine that we are not in compliance with a regulation in that agency's jurisdiction, this could result in substantial penalties and a ban on the sale of part or all of our products in that jurisdiction.

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There has been a broad range of proposed and promulgated state, national and international regulation aimed at reducing the effects of climate change. Such regulations apply or could apply in countries where we have interests or could have interests in the future. In the United States, there is a significant possibility that some form of regulation will be enacted at the federal level to address the effects of climate change. Such regulation could take several forms that could result in additional costs in the form of taxes, the restriction of output, investments of capital to maintain compliance with laws and regulations, or required acquisition or trading of emission allowances. Climate change regulation continues to evolve, and while it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation, we do not believe that such regulation is reasonably likely to have a material effect in the foreseeable future on our business, results of operations, capital expenditures or financial position.

We are exposed to political, economic and other risks from operating a multinational business.

Our business is multinational and subject to the political, economic and other risks that are inherent in operating in numerous countries. These risks include those of adverse government regulation, including the imposition of import and export duties and quotas, currency restrictions, expropriation and potentially burdensome taxation. For example, banana import regulations have in prior years restricted our access to the EU banana market and increased the cost of doing business in the EU. In December 2009, the EU entered into an agreement with certain Latin America banana exporting countries to settle the long running dispute over banana import tariffs. This agreement was ratified during the first half of 2010. In addition, the EU will gradually reduce import tariffs on bananas from Latin America on an annual basis from the current level of €132 per ton in 2013 to €114 per ton in 2017. Also, the EU has entered into Free Trade Agreements with Colombia, Peru and five Central American countries. Under these bilateral trade agreements, duties on bananas will fall progressively to €75 per ton by 2020. We cannot predict the impact of further changes to the banana import tariffs or new quotas on the EU banana market.

Costa Rica and Ecuador, countries in which we operate, have established “minimum” export prices for bananas that are used as the reference point in banana purchase contracts from independent producers, thus limiting our ability to negotiate lower purchase prices. These minimum export price requirements could potentially increase the cost of sourcing bananas in countries that have established such requirements.

We are also subject to a variety of government regulations in countries where we market our products, including the United States, the EU, Asia, countries of the Middle East and Africa. Examples of the types of regulation we face include:

•sanitary regulations;

•regulations governing pesticide use and residue levels; and

•regulations governing packaging and labeling.

If we fail to comply with applicable regulations, it could result in an order barring the sale of part or all of a particular shipment of our products or, possibly, the sale of any of our products for a specified period. Such a development could result in significant losses and could weaken our financial condition.

Acts or omissions of other companies could adversely affect the value of the DEL MONTE® brand.

We depend on the DEL MONTE® brand in marketing our products. We share the DEL MONTE® brand with unaffiliated companies that manufacture, distribute and sell canned or processed fruit and vegetables, dried fruit, snacks and other products. Acts or omissions by these companies, including an instance of food-borne contamination

or disease, may adversely affect the value of the DEL MONTE® brand. As a result, our reputation and the value of the DEL MONTE® brand may be adversely affected by negative consumer perception.

Our success depends on the services of our senior executives, the loss of whom could disrupt our operations.

Our ability to maintain our competitive position is dependent to a large degree on the services of our senior management team. We may not be able to retain our existing senior management personnel or attract additional qualified senior management personnel.

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Our acquisition and expansion strategy may not be successful.

Our growth strategy is based in part on growth through acquisitions or expansion, which poses a number of risks. We may not be successful in identifying appropriate acquisition candidates, consummating acquisitions on satisfactory terms or integrating any newly acquired or expanded business with our current operations. We may issue additional Ordinary Shares, incur long-term or short-term indebtedness, spend cash or use a combination of these for all or part of the consideration paid in future acquisitions or expansion of our operations. The execution of our acquisition and expansion strategy could entail repositioning or similar actions that in turn require us to record impairments, restructuring and other charges. Any such charges would reduce our earnings.

Our indebtedness could limit our financial and operating flexibility and subject us to other risks.

Our ability to obtain additional debt financing or refinance our debt on acceptable terms, if at all, in the future for working capital, capital expenditures or acquisitions may be limited either by financial considerations or due to covenants in existing debt agreements.

Our ability to meet our financial obligations will depend on our future performance, which will be affected by prevailing economic conditions and financial, business and other factors, some of which are beyond our control. Our ability to meet our financial obligations also may be adversely affected by the seasonal nature of our business, the cyclical nature of agricultural commodity prices, the susceptibility of our product sourcing to crop disease, severe weather and other adverse environmental conditions and other factors.

Since we are an exempt holding company, our ability to meet our financial obligations depends primarily on receiving sufficient funds from our subsidiaries. The payment of dividends or other distributions to us by our subsidiaries may be restricted by the provisions of our credit agreements and other contractual requirements and by applicable legal restrictions on payment of dividends.

If we were unable to meet our financial obligations, we would be forced to pursue one or more alternative strategies, such as selling assets, restructuring or refinancing our indebtedness or seeking additional equity capital, strategies which could be unsuccessful. Additional sales of our equity capital could substantially dilute the ownership interest of existing shareholders.

Our current credit facility imposes certain operating and financial restrictions on us. Our failure to comply with the obligations under this facility, including maintenance of financial ratios, could result in an event of default, which, if not cured or waived, would permit the lender to accelerate the indebtedness due under the facility.

We are controlled by our principal shareholders.

Members of the Abu-Ghazaleh family, including our Chairman and Chief Executive Officer and one of our directors, are our principal shareholders. Together, as of February 14, 2014, they beneficially own 33.8% of our outstanding Ordinary Shares, and our Chairman and Chief Executive Officer holds, and is expected to continue to hold, an irrevocable annual proxy to vote all of these shares. We expect our principal shareholders to continue to use their interest in our Ordinary Shares to significantly influence the direction of our management, the election of our entire board of directors, the method and timing of the payment of dividends, subject to applicable debt covenants and to determine substantially all other matters requiring shareholder approval and to control us. The concentration of our beneficial ownership may have the effect of delaying, deterring or preventing a change in control, may discourage bids for the Ordinary Shares at a premium over their market price and may otherwise adversely affect the market price of the Ordinary Shares.

A substantial number of our Ordinary Shares are available for sale in the public market, and sales of those shares could adversely affect our share price.

Future sales of our Ordinary Shares by our principal shareholders, or the perception that such sales could occur, could adversely affect the prevailing market price of our Ordinary Shares. Of the 56,229,354 Ordinary Shares outstanding as of February 14, 2014, 19,002,525 Ordinary Shares are owned by the principal shareholders and are “restricted securities.” These “restricted securities” can be registered upon demand and are eligible for sale in the public market without registration under the Securities Act of 1933 (the “Securities Act”), subject to compliance with the resale volume limitations and other restrictions of Rule 144 under the Securities Act.

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Our organizational documents contain a variety of anti-takeover provisions that could delay, deter or prevent a change in control.

Various provisions of our organizational documents and Cayman Islands law may delay, deter or prevent a change in control of us that is not approved by our board of directors. These provisions include:

- a classified board of directors;
- a prohibition on shareholder action through written consents;
- a requirement that general meetings of shareholders be called only by a majority of the board of directors or by the Chairman of the Board;
- advance notice requirements for shareholder proposals and nominations;
- limitations on the ability of shareholders to amend, alter or repeal our organizational documents; and
- the authority of the board of directors to issue preferred shares with such terms as the board of directors may determine.

In addition, a change of control would constitute an event of default under our current credit facility, which would have a material adverse effect on us. These provisions also could delay, deter or prevent a takeover attempt.

Our shareholders have limited rights under Cayman Islands law.

We are incorporated under the laws of the Cayman Islands, and our corporate affairs are governed by our Amended and Restated Memorandum and Articles of Association and by the Companies Law of the Cayman Islands. Principles of law relating to matters, such as the validity of corporate procedures, the fiduciary duties of our management, directors and controlling shareholders and the rights of our shareholders differ from those that would apply if we were incorporated in a jurisdiction within the United States. Further, the rights of shareholders under Cayman Islands law are not as clearly established as the rights of shareholders under legislation or judicial precedent applicable in most U.S. jurisdictions. As a result, our public shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than they might have as shareholders of a corporation incorporated in a U.S. jurisdiction. In addition, there is doubt as to whether the courts of the Cayman Islands would enforce, either in an original action or in an action for enforcement of judgments of U.S. courts, liabilities that are predicated upon the U.S. federal securities laws.

### Item 1B. Unresolved Staff Comments

None.

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## Item 2. Properties

The following table summarizes the approximate plantation acreage under production that are owned or leased by us and the principal products grown on such plantations by location as of the end of 2013:

Location	Acres Under Production		Products
	Acres Owned	Acres Leased	
Costa Rica	42,600	6,600	Bananas, Pineapples, Melons
Guatemala	8,800	4,200	Bananas, Melons
Brazil	6,800	—	Bananas, Other Crops
Chile	4,300	1,300	Non-Tropical Fruit
Kenya	—	11,300	Pineapples
Philippines	—	7,600	Bananas, Pineapples
United States	2,400	3,100	Melons, Tomatoes

Our significant properties include the following:

## North America

We operate a total of 23 distribution centers in the United States and Canada of which nine are also fresh-cut facilities. We own eight of our distribution centers, including a 200,000 square foot distribution center in Dallas, Texas, a distribution center in Plant City, Florida, a repack facility in Winder, Georgia. During 2013, we constructed a new state-of-the-art distribution center with fresh-cut facility in Ontario, Canada on owned land. The remaining 15 distribution centers are leased from third parties. All of our distribution centers have ripening capabilities and/or other value-added services. We also own stand-alone fresh-cut facilities in Kankakee, Illinois and Portland, Oregon. In addition, we lease four port facilities that include cold storage capabilities.

## Europe

We own and operate one distribution center in Germany. We also own and operate a fresh-cut facility in the United Kingdom. During 2013, we opened a new leased distribution center with banana ripening capability in a suburb of Paris, France. We own and operate a production facility for prepared fruit, tomato products and snacks in Larissa, Greece.

## Asia

Our products are distributed from four leased distribution centers located at strategic ports in Japan with cold storage and banana ripening operations. In addition, we own one and lease two distribution centers in South Korea and lease a distribution center in Hong Kong. Our South Korean distribution centers include state-of-the art ripening technology and other value-added services. We also own and operate one fresh-cut facility in Japan.

## South America

In Brazil, we own approximately 30,000 acres of land of which 6,800 acres are under production. In Uruguay, we own approximately 7,800 acres of which 4,200 acres contain a citrus plantation that is leased to a third party.

## Africa

We own and operate a warehouse and cannery in Kenya.

Middle East

In Jordan, we own an integrated poultry business including poultry farms, feed mill and poultry slaughterhouse and meat processing plant. We also own a combined distribution/manufacturing center in Dubai, UAE. This state-of-the-art facility includes banana ripening and cold storage facilities, fresh-cut fruit and vegetable operations and an ultra fresh juice manufacturing operation. In addition, we operate a distribution center under an operating lease from a third party in Abu-Dhabi, UAE that includes banana

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ripening and cold storage facilities. In Saudi Arabia, we own 60% of a joint venture that operates two owned distribution centers with banana ripening, cold storage facilities and fresh-cut products and prepared food manufacturing capabilities.

Maritime and Other Equipment (including Containers)

We own a fleet of 15 and charter another 8 refrigerated vessels. In addition, we own or lease other related equipment, including approximately 4,500 refrigerated container units and 160 trucks and refrigerated trailers used to transport our fresh produce in the United States. In the Middle East, we own approximately 260 trucks principally used to deliver fresh produce and prepared food products to customers.

Other Properties

We own our U.S. executive headquarters building in Coral Gables, Florida, our Central America regional headquarters building in San Jose, Costa Rica and our South America regional headquarters building in Santiago, Chile. We own our office space in Guatemala City, Guatemala and Amman, Jordan. Our remaining office space in North America, Europe, Asia, Central and South America and the Middle East is leased from third parties.

We believe that our property, plant and equipment are well maintained in good operating condition and adequate for our present needs. Except as noted in Item 3. Legal Proceedings and Note 17, "Litigation" to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data, we know of no other environmental issues that may affect the utilization of our property, plant and equipment. For further information with respect to our property, plant and equipment, see Note 6, "Property, Plant and Equipment" to the Consolidated Financial Statements filed as part of this Report.

The principal capital expenditures planned for 2014 consist primarily of the expansion and improvement of production facilities in Costa Rica, Kenya, the Philippines, Nicaragua and Chile combined with expansion and improvements of our distribution and fresh-cut facilities in North America and Asia and production facilities in the Middle East.

Item 3. Legal Proceedings

See Note 17, "Litigation" to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Item 4. Mine Safety Disclosures

Not applicable.

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## PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

## Ordinary Share Prices and Related Matters

Our Ordinary Shares are traded solely on the New York Stock Exchange ("NYSE"), 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:

	High	Low
2013		
First quarter	\$27.74	\$25.96
Second quarter	\$28.08	\$24.91
Third quarter	\$30.74	\$27.66
Fourth quarter	\$30.19	\$26.51
2012		
First quarter	\$25.24	\$22.08
Second quarter	\$25.03	\$22.04
Third quarter	\$25.93	\$23.20
Fourth quarter	\$26.83	\$24.56

## Dividend Policy

In February 2013, our Board of Directors increased the quarterly cash dividend from \$0.10 to \$0.125 per ordinary share. We paid an aggregate of \$28.2 million and \$23.2 million in dividends during the years ended December 27, 2013 and December 28, 2012, respectively. Because we are an exempted holding company, our ability to pay dividends and to meet our debt service obligations depends primarily on receiving sufficient funds from our subsidiaries. Pursuant to our credit facility, we may declare and pay dividends and distributions in cash solely out of and up to 50% of our net income for the year immediately preceding the year in which the dividend or distribution is paid, or at such time the dividend is paid or declared, as the case may be, subject to certain other credit facility conditions, when the Consolidated Leverage Ratio is less than 3.25 to 1.0. It is also possible that countries in which one or more of our subsidiaries are located could institute exchange controls, which could prevent those subsidiaries from remitting dividends or other payments to us. Dividends are payable when, as, and if declared by our board of directors, and we cannot assure that dividends will be paid in the future.

## Shareholders

As of February 14, 2014, we had 81 shareholders of record, which excludes shareholders whose shares were held by brokerage firms, depositories and other institutional firms in "street name".



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## Performance Graph

The following graph compares the cumulative five-year total return of holders of FDP ordinary shares with the cumulative total returns of the S&P 500 index and the S&P 500 Food Products index. The graph tracks the performance of a \$100 investment in our common stock and in each of the indexes (with the reinvestment of all dividends) from December 26, 2008 to December 27, 2013.

	12/26/2008	1/1/2010	12/31/2010	12/30/2011	12/28/2012	12/27/2013
Fresh Del Monte Produce Inc.	100.00	93.37	105.65	107.18	112.87	125.86
S&P 500	100.00	126.46	145.51	148.59	172.37	228.19
S&P 500 Food Products	100.00	117.38	131.23	150.52	161.81	214.05

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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## Share Repurchase Program

The following table provides information regarding our purchases of Ordinary Shares during the periods indicated:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program <sup>(2)</sup>
September 28, 2013 through October 31, 2013	—	\$—	—	\$258,738,820
November 1, 2013 through November 30, 2013	27,982	\$26.43	27,982	\$257,999,338
December 1, 2013 through December 27, 2013	—	\$—	—	\$257,999,338
Total	27,982	\$26.43	27,982	\$257,999,338

(1) As of December 27, 2013, we repurchased and retired 27,982 of our ordinary shares.

(2) On May 1, 2013, we announced that our Board of Directors, at their May 1, 2013 board meeting, approved a three-year stock repurchase program of up to \$300 million of our ordinary shares.

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## Item 6. Selected Financial Data

Our fiscal year end is the last Friday of the calendar year or the first Friday subsequent to the end of the calendar year, whichever is closest to the end of the calendar year.

The following selected financial data for the years ended January 1, 2010, December 31, 2010, December 30, 2011, December 28, 2012 and December 27, 2013 is derived from our audited Consolidated Financial Statements for the applicable year, prepared in accordance with U.S. generally accepted accounting principles.

The following selected financial data should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and our Consolidated Financial Statements and accompanying notes contained in Item 8. Financial Statements and Supplementary Data in this Report.

	Year ended				
	December 27, 2013	December 28, 2012	December 30, 2011	December 31, 2010	January 1, 2010
	(U.S. Dollars in millions, except share and per share data)				
<b>Statement of Income Data:</b>					
Net sales	\$3,683.7	\$3,421.2	\$3,589.7	\$3,552.9	\$3,496.4
Cost of products sold	3,393.3	3,079.5	3,270.2	3,280.5	3,185.6
Gross profit	290.4	341.7	319.5	272.4	310.8
Selling, general and administrative expenses	176.9	177.2	190.4	166.8	165.8
Loss (gain) on disposal of property, plant and equipment	4.9	(0.2)	(3.1)	(9.2)	(11.2)
Goodwill and trademark impairment charges	99.6	—	—	—	—
Asset impairment and other charges, net	37.1	3.3	16.3	37.3	8.0
Operating (loss) income	(28.1)	) 161.4	115.9	77.5	148.2
Interest expense, net	2.2	2.3	5.7	9.9	11.2
Other (income) expense, net	(13.6)	) 1.9	9.7	7.5	5.2
Income before income taxes	(16.7)	) 157.2	100.5	60.1	131.8
Provision for (benefit from) income taxes	17.2	12.2	5.7	(0.7)	(12.8)
Net (loss) income	\$(33.9)	) \$145.0	\$94.8	\$60.8	\$144.6
Less: net income (loss) attributable to noncontrolling interest	0.5	1.8			