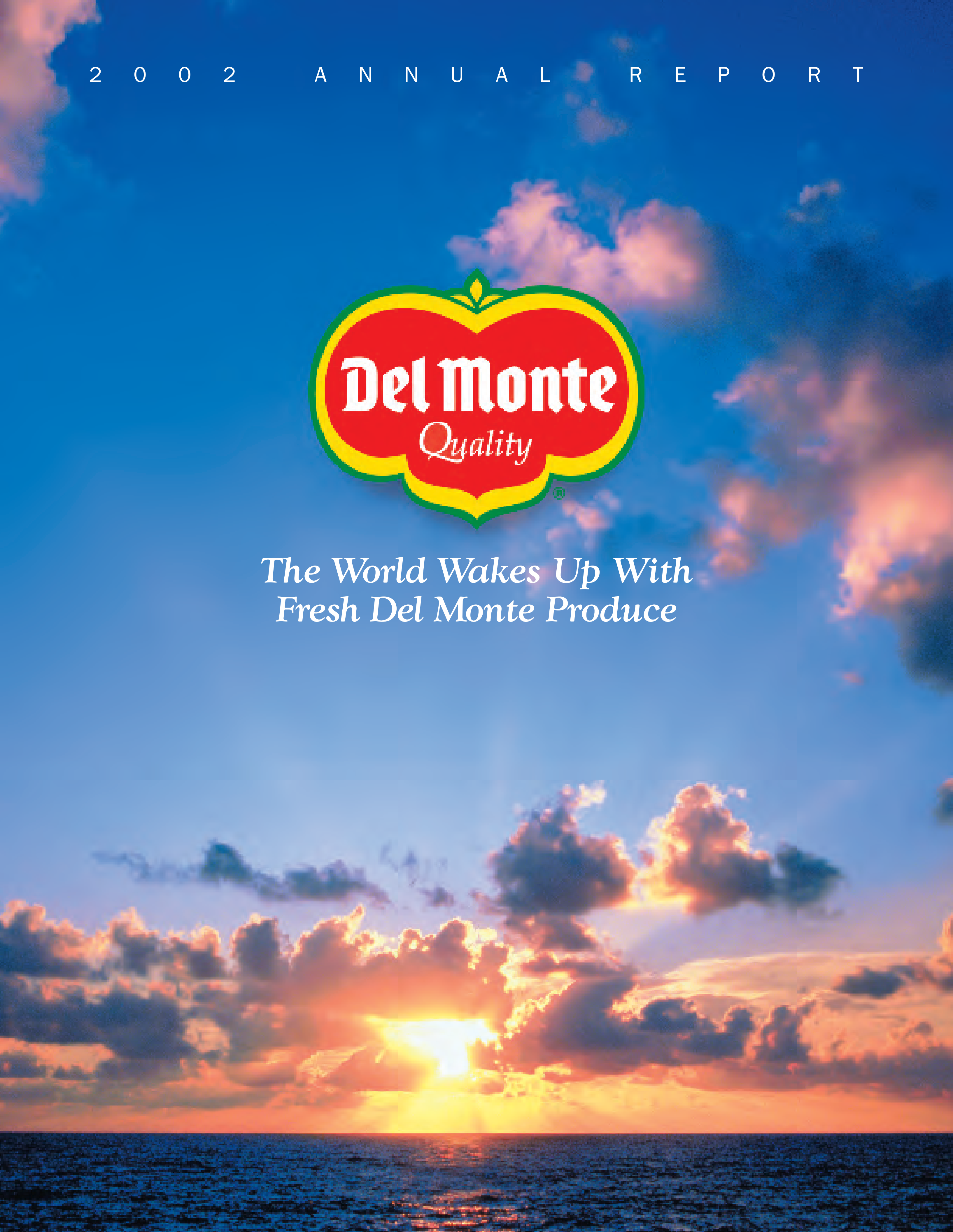
2002 ANNUAL REPORT

The World Wakes Up With Fresh Del Monte Produce



A Total Produce Company with a Taste for Quality

Fresh Del Monte Produce Inc. is a leading vertically integrated producer, marketer and distributor of high-quality fresh and fresh-cut produce. The Company's primary products include bananas, pineapples, melons, tomatoes, potatoes, onions, grapes, citrus, apples, pears, peaches, plums and plantains. Fresh Del Monte markets its products worldwide under the Del Monte® brand, a symbol of product quality, freshness and reliability since 1892.

Fresh Del Monte has premier market positions in several fresh produce categories. The Company is the leading marketer of fresh pineapples worldwide, the top marketer of branded melons in the United States and the United Kingdom, the world's third largest marketer of bananas, and a leading year-'round marketer of branded grapes in the United States.

Quality, Freshness & Reliability

In addition, Fresh Del Monte has a leadership position in the value-added fresh-cut fruit and vegetable market, one of the fastest growing categories in the fresh produce segment.

Fresh Del Monte Produce Inc. is a global company with approximately 25,000 employees. The Company's ordinary shares are traded on the New York Stock Exchange under the symbol FDP.

Financial Highlights

FRESH DEL MONTE PRODUCE INC.

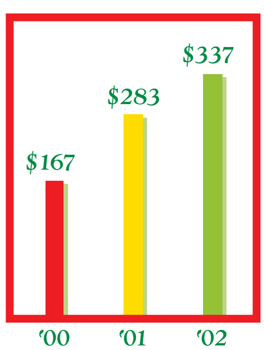
(U.S. dollars in millions, except per share data)	Year ended 2000	2001	2002
Select Consolidated Statements of Income Data			
Net sales	$ 1,859.3	$ 1,928.0	$ 2,090.5
Gross profit	166.9	282.9	336.7
Operating income	82.6	164.9	214.4
Net income	$ 33.1	$ 96.2	$ 195.2
Per share net income:			
Basic	$ 0.62	$ 1.79	$ 3.52
Diluted	$ 0.62	$ 1.77	$ 3.45
Weighted average number of ordinary shares outstanding:			
Basic	53,763,600	53,856,392	55,445,106
Diluted	53,764,383	54,414,868	56,538,659
Balance Sheet and Cash Flow Data			
Cash and cash equivalents	$ 10.6	$ 13.0	$ 9.5
Working capital	156.9	125.7	103.4
Total assets	1,221.6	1,219.2	1,262.8
Total debt	485.5	333.3	87.3
Shareholders' equity	457.2	550.5	759.5
Cash flow from operations	$ 98.5	$ 230.2	$ 311.4

"Fresh Del Monte has been profitable every year since 1996, despite fluctuating and, at times, intensely difficult market conditions."

Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

Net Sales (in billions)

Gross Profit (in millions)



Cash Flow from Operations (in millions)

North America

To Our Shareholders

At Fresh Del Monte Produce Inc., we believe that the quest for success without hard work is a fruitless effort. Indeed, hard work is an essential element of our Company's culture, and one that we clearly demonstrated in 2002 by successfully completing a number of strategic business initiatives, including maximizing our day-to-day operations and acquiring a highly synergistic company that complements our business.

Our diligence produced exceptional rewards, enabling us to generate the strongest financial results in our Company's history: We delivered record net sales of $2.1 billion, up from $1.9 billion at year-end 2001; we posted net income of $195 million, compared with $96 million in 2001; and our earnings per share surged 95 percent to $3.45 from $1.77 a year ago. This outstanding performance helped to fortify Fresh Del Monte's balance sheet and strengthen our asset base, significantly improving our already powerful financial position. In fact, we increased our operating cash flow by 35 percent to $311 million in 2002, up from $230 million in the prior year, enabling us to pay down outstanding debt, lower our interest payments and reduce our debt-to-capital ratio from 38 percent at year-end 2001 to 10 percent at the end of 2002.

Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

Our ability to deliver these accomplishments within the context of 2002's challenging economic climate was driven by a range of factors, several of which were environmental. For example, we benefited from the stability of our industry, created in part by a more rational global banana supply and solid average worldwide banana pricing. In addition, volume and net sales in our premium pineapples, melons and grapes continued to increase. What's more, positive trends in foreign currency and interest rates all worked to our advantage during the year.

However, the most important force behind our 2002 performance was one that was well within our control: namely, the consistent ability of our leadership team to operate at an exceptionally high standard. Our constancy in this regard is underscored by the fact that we have been profitable every year since our management team took over at Fresh Del Monte in 1996, despite fluctuating and, at times, intensely difficult market conditions. In 2002, our board of directors rewarded this achievement by approving our first-ever regular quarterly cash dividend.

Top-Quality Products

Offering the Products Our Customers Want

Not long ago, bananas provided the primary source of revenue for Fresh Del Monte. Recognizing the risk associated with too great a dependency on just one product, we elected to reduce our exposure by creating a diversified product line that leverages the Del Monte® brand and delivers to our customers the wide selection of fresh produce they want.

Over the last several years, we have continued our transformation to a "total produce" company, further diversifying our product line to include an ever-wider array of fresh fruit and vegetables. As a result of our efforts, we have achieved market leadership positions in such product categories as pineapples, melons, grapes, apples, pears, peaches, plums, plantains, kiwis, greens and a full range of additional fresh and fresh-cut products. We further expanded our produce choices in early 2003 when we acquired Standard Fruit and Vegetable Company, adding tomatoes, potatoes, onions and a range of specialty items such as fresh herbs, Asian vegetables, exotic fruit and mushrooms to our growing product selection.

We expanded our sophisticated and efficient global logistics network to support our brand and enable us to supply our superior products worldwide on a consistent basis.

Delivering Top-Quality Products Globally

In today's fast-paced marketplace, major retailers around the world depend on suppliers who can guarantee global delivery of high-quality produce on short notice. To meet this demand and drive market share gains, we are expanding our sophisticated and efficient global logistics network that supports our brand and enables us to supply our superior products worldwide on a consistent basis.

An essential component of this global logistics network is our distribution center infrastructure, which encompasses 31 distribution facilities in strategic markets around the world. While still in an early phase of growth, this state-of-the-art infrastructure is already yielding valuable advantages for Fresh Del Monte. For example, it positions us closer to our customers, ensuring that we can always deliver top-quality products that meet the demanding scheduling requirements of our growing global customer base. It provides us with flexibility in our volumes and supplies; and it allows us to deliver valued-added services, such as ripening, cold storage, packing and sorting, merchandising and promotional support, and fresh-cut capabilities. It also affords us the leverage to improve margins, while strengthening our relationships with grocer retailers, food service providers and other buyers.

Europe and Africa

Asia-Pacific

Powerful Global Brand

Our global logistics network also provides us with other opportunities to drive our operating efficiencies, several of which we advanced in 2002. For example, during the year we accelerated our use of automation in our fresh-cut operations to boost productivity and meet rising customer demand for fresh-cut products. We prepared to launch a new logistics system that will drive efficiencies in our North American distribution centers in 2003. And we added another Company-owned ship to our fleet, capturing savings inherent in the owned-versus-chartered market.

We also ramped up our distribution center utilization and capacity in 2002, driving increased volume, sales and efficiencies. We expect our distribution center operations to continue to improve in 2003 as we integrate Standard Fruit and Vegetable's five additional distribution centers into our own North American distribution network.

We accelerated our worldwide expansion, entering new markets by capitalizing on our strong brand, diversified product line, and vertical integration, and becoming a preferred supply partner to a growing number of global retail grocery chains.

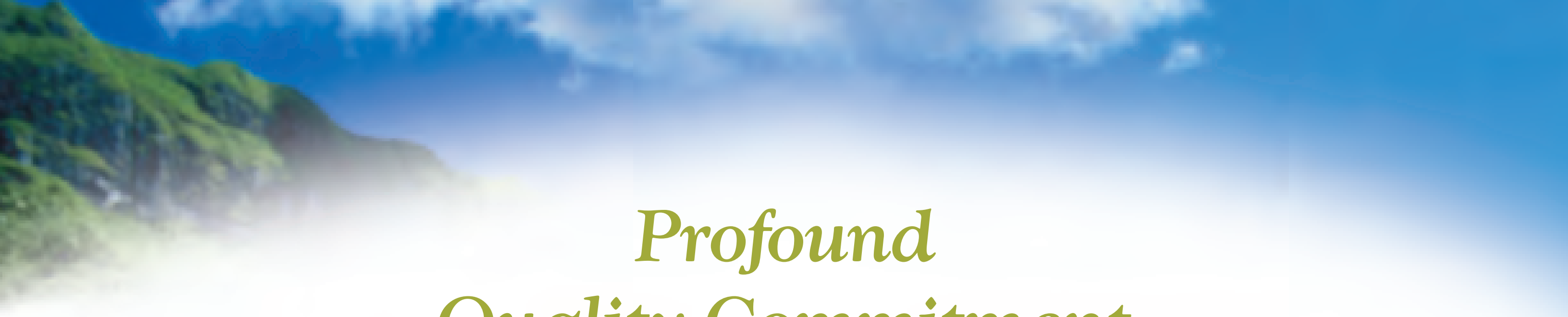
Leveraging the Del Monte® Brand Worldwide

The Del Monte® brand has been a recognized symbol of quality and freshness since 1892. The brand's wide recognition has helped us to enter new markets and has driven global consumer acceptance of our products. As such, the Del Monte® quality imprimatur has been a powerful catalyst for our worldwide expansion.

We accelerated that expansion in 2002, entering new markets by capitalizing on our strong brand, diversified product line and vertical integration, enabling our Company to become a preferred supply partner to a growing number of global retail grocery chains. We established an important new presence in Germany, creating a solid platform for our continued growth in the European region. We began to build our business in Central Europe, focusing on the needs of the large global retail grocery chains moving into the territory. We also continued to expand in Brazil, doubling our banana production facilities and implementing the second phase of our plantation-planting program for melons and pineapples.

Becoming the Global Branded Leader in Fresh-Cut Produce

Just as we drove the growth of our primary produce business in 2002, we also intensified our focus on becoming the global branded leader in the high-growth market of fresh-cut items.



Profound Quality Commitment

Our efforts included expanding our fresh-cut operations in key markets around the globe, thereby generating greater volume, stronger prices and increases in both sales and gross profits. These initiatives enabled us to double our fresh-cut sales to nearly $150 million, representing a 64 percent increase in sales volume on a global basis.

To drive our future fresh-cut growth, we invested strategically in our North American fresh-cut operations, and we forged a partnership with the Florida Department of Citrus to introduce a delicious and convenient fresh-cut citrus product, which has shown promising results in initial consumer test marketing. This important milestone showcases our capacity to utilize advanced technology to deliver appealing new products to our retail grocer and food service customers.

> ***We are recognized worldwide for our passion for quality - one of the key attributes that our customers claim differentiates us from our competitors.***

We also expanded our presence in the international fresh-cut arena in 2002, initiating fresh-cut operations in Korea and acquiring three U.K.-based facilities that handle chilled fresh-cut produce, and bagged and prepared salads such as coleslaw and potato salad. The U.K. acquisition, which provided us with new technology and packaging synergies, doubled the size of our fresh-cut business worldwide. It also supplied us with a powerful branded position in the rapidly growing fresh-cut produce category in the U.K., while enabling us to take advantage of our already strong foundation for expansion in the region.

Sharpening Our Quality Focus

Fresh Del Monte is recognized worldwide for having a passion for quality. Indeed, our commitment to upholding superior standards is one of the key attributes that our customers claim differentiates us from our competitors. We maintain our premium quality standards through our vertically integrated infrastructure, which enables us to control quality throughout the entire cold chain, from the growing fields to the produce aisles of our retail grocer customers.

In 2002, we also sought to add value to our customer relationships and to improve product quality at the store level by creating a North American field-merchandising group. This group of experienced produce professionals acts as our "eyes and ears" in the field, visiting stores each week to evaluate cold chain and merchandising practices, and survey product quality. In the coming months, we expect this team to provide us with insights that will allow us to refine our fresh and fresh-cut product offerings in an efficient and value-added manner.

Central America

South America

Ethical, Experienced Leadership

Appointing the Right Leadership for the Future

Having the right leadership is essential to our future success. During 2002, we strengthened our leadership, appointing two new independent directors, Salvatore H. Alfiero and Kathryn E. Falberg, to the Company's board. These senior executives bring a powerful combination of strategic business and financial expertise to Fresh Del Monte, and we look forward to their support and counsel in the coming years. At the same time, we bid farewell to Marvin P. Bush and Stephen L. Way, two board members who stepped off the board in 2002 to devote more time and attention to their own business interests. We thank them warmly for their thoughtful insights and enlightened guidance during their tenure.

Our success has produced strong consistent, and sustainable performance that has distinguished us within our industry and the global marketplace.

Anticipating a Bountiful Future

Everyone in the Fresh Del Monte family has worked hard over the years to transform our Company into a global produce powerhouse with a strong balance sheet; vertical production, logistics and marketing operations; and a diverse array of products. Our success in these endeavors has produced strong, consistent and sustainable financial and operating performance that has distinguished us within our industry, and within the global marketplace.

We are confident that we can continue to deliver results of this caliber, largely because we believe we have everything it takes to continue to be a high-growth, value-added enterprise. We have a sound strategic plan, a skilled and experienced management team, a globally recognized brand, and a leading market position in a range of key fresh produce categories. We have the capabilities necessary to serve the needs of large global customers, including a worldwide network of vertically integrated production, logistics and marketing operations. We have the management discipline we need to control costs, lower debt and invest wisely in the infrastructure required to support our growth. We have the stringent corporate governance dictates in place to protect the interests of all shareholders. And we have undertaken every available measure to reduce our risk to uncontrollable environmental factors that could impact our future earnings.

Fruitful Years Ahead

As we move forward, we will leverage these capabilities to propel our growth and ensure our future success. Specifically, we will:

- Shift our strategy toward external growth, making acquisitions that complement our existing business.
- Continue to diversify our product line.
- Leverage our balance sheet to take advantage of acquisition opportunities swiftly.
- Enhance our product quality in the marketplace.
- Grow our fresh-cut operations, while expanding our global distribution centers.
- Drive efficiencies, while continuing to focus on managing costs.
- Expand our value-added services, including category management, to assist retailers managing fresh and fresh-cut produce shelf space to drive revenues and generate profits.

We are confident that we can continue to deliver results of this caliber because we have everything it takes to continue to be a high-growth, value-added enterprise.

Above all, we will continue to be an outstanding fresh and fresh-cut produce partner for our retail and food service customers wherever they may be in the world, offering products of superior quality freshness and reliability.

The Essence of Fresh Del Monte: A Zest for Hard Work

We are fully aware that to achieve these ambitious goals, we will need to be both tenacious and diligent. However, we also recognize that a strong work ethic is an integral part of our culture, as well as a trait that has been a vital component of our past success. As we forge ahead, we will continue to make good, old-fashioned hard work an essential ingredient in fueling our progress — one that will be resolutely practiced by every member of our senior management team and by our 25,000 employees worldwide. This, we believe, will help to make the years to come fruitful ones indeed for Fresh Del Monte and our shareholders.

Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

Central Europe

Financial Review

Operating Results

Fresh Del Monte Produce Inc. and Subsidiaries

Overview

We are a leading vertically integrated producer and marketer of high quality fresh and packaged fresh-cut produce. Our products include bananas, pineapples, melons, grapes, non-tropical fruit (including citrus, apples, pears peaches, plums, nectarines, apricots and kiwi), plantains, Vidalia® sweet onions and various greens. As a result of the acquisition of Standard Fruit and Vegetable Co., Inc. in January 2003, our product offering now also includes tomatoes, potatoes and other onions. We market our products worldwide under the DEL MONTE® brand, a symbol of product quality and reliability since 1892. Our global sourcing and logistics system allows us to provide regular delivery of consistently high quality produce and value-added services to our customers.

Net Sales

Our net sales are affected by numerous factors including the balance between the supply of and demand for our produce and competition from other fresh produce companies. Our net sales are also dependent on our ability to supply a consistent volume and quality of fresh produce to the markets we serve. For example, seasonal variations in demand for bananas as a result of increased supply and competition from other fruit are reflected in the seasonal fluctuations in banana prices, with the first six months of each year generally exhibiting stronger demand and higher prices, except in those years where an excess supply exists.

Since our financial reporting currency is the dollar, our net sales are significantly affected by fluctuations in the value of the currency in which we conduct our sales versus the dollar, with a strong dollar versus such currencies resulting in reduced net sales in dollar terms. Our net sales for 2002 were positively impacted by approximately $15.4 million, as compared to 2001, primarily as a result of a strong euro versus the dollar.

Our net sales growth in recent years has been achieved primarily through increased sales volume in existing markets of other fresh produce, primarily pineapples and melons, favorable pricing on our *"Del Monte Gold™ Extra Sweet"* pineapple, as well as acquisitions and expansion of value-added services such as banana ripening. Our net sales growth in recent years is also attributable to a broadening of our product line with the expansion of our fresh-cut produce business. We expect our net sales growth to continue to be driven by increased sales volumes in our other fresh produce segment.

Cost of Products Sold

Cost of products sold is principally composed of two elements, product and logistics costs. Product cost for our produce is primarily composed of cultivation (the cost of growing crops), harvesting, packaging, labor, depreciation and farm administration. Product cost for produce obtained from independent growers is composed of produce cost and packaging costs. Logistics costs include air, land and sea transportation and expenses related to port facilities and distribution centers. Sea transportation cost is the most significant component of logistics costs and is comprised of the cost of chartering refrigerated vessels and vessel operating expenses. Vessel operating expenses for our vessels include operations, maintenance, depreciation, insurance, fuel, the cost of which is subject to commodity price fluctuations, and port charges. For chartered vessels, operating expenses include the cost of chartering the vessels, fuel and port charges. Variations in containerboard prices, which affect the cost of boxes and other packaging materials, and fuel prices, can have a significant impact on our product cost and our profit margins. Containerboard, plastic, resin and fuel prices have historically been volatile. Containerboard and fuel prices increased significantly in 2000 as compared to 1999 and decreased in 2001 as compared to 2000. Containerboard prices decreased and fuel prices increased in 2002 as compared to 2001.

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

Selling, General and Administrative Expenses

Selling, general and administrative expenses include primarily the costs associated with selling in countries where we have our own sales force, advertising and promotional expenses, professional fees, general corporate overhead and other related administrative functions.

Interest Expense

Interest expense consists primarily of interest on borrowings under working capital facilities that we maintain and interest on other long-term debt primarily for vessel purchases and capital lease obligations. Decreases in interest rates, combined with a lower average debt balance, significantly contributed to the decrease in interest expense during 2002.

Other Income (Loss), Net

Other income (loss), net, primarily consists of equity earnings in unconsolidated companies, together with currency exchange gains or losses and other miscellaneous income and expense items.

Provision for Income Taxes

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

Recent Developments

On January 8, 2003, we announced that our Board of Directors declared the regular quarterly cash dividend of $0.05 per share payable on March 5, 2003 to shareholders of record as of February 10, 2003.

On January 27, 2003, we acquired Standard Fruit and Vegetable Co., Inc., a Dallas, Texas based integrated distributor of fresh fruit and vegetables, which services retail chains, foodservice distributors and other wholesalers in approximately 30 states. The total acquisition cost of $100.0 million was financed primarily by a drawdown on the Revolving Credit Facility. The acquisition will be accounted for as a purchase of a business in accordance with SFAS No. 141. We are currently in the process of allocating the purchase price pending the fair valuation of certain assets and liabilities. As a result of the acquisition, our product offering now includes tomatoes, potatoes and other onions, and we have an additional five distribution centers in North America.

On February 12, 2003, our Board of Directors increased the regular quarterly cash dividend from $0.05 per share to $0.10 per share payable on June 4, 2003 to shareholders of record as of May 12, 2003.

2002 Compared with 2001

Fresh Del Monte Produce Inc. and Subsidiaries

Net Sales

Net sales in 2002 were $2,090.5 million compared with $1,928.0 million in 2001. The increase in net sales of $162.5 million was attributable to the other fresh produce and banana categories. Net sales of other fresh produce increased as a result of higher net sales of fresh-cut produce primarily due to the U.K. Fresh-Cut acquisition, growth in our North America operations and higher net sales of pineapples due to increased volumes and stronger pricing. Banana net sales increased due to higher per unit sales prices in the Asia-Pacific and European regions and higher sales volumes in North America and Europe.

Net sales were positively affected by a weaker dollar versus the euro, partially offset by the negative impact of a stronger dollar versus the Japanese yen. The net effect of foreign exchange in 2002 compared with 2001 was an increase in net sales of approximately $15.4 million.

Cost of Products Sold

Cost of products sold was $1,753.8 million in 2002 compared with $1,645.1 million in 2001, an increase of $108.7 million. The increase is primarily due to higher banana and pineapple sales volumes and higher sales volumes of other fresh produce due to the U.K. Fresh-Cut acquisition, partially offset by reduced per unit fruit cost in our other fresh produce category.

Gross Profit

Gross profit was $336.7 million in 2002 compared with $282.9 million in 2001, an increase of $53.8 million or 19%. As a percentage of net sales, gross profit margin increased to 16.1% in 2002 from 14.7% in 2001, primarily due to the increase in sales prices of bananas and other fresh produce combined with reduced per unit fruit cost in our other fresh produce category.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $13.3 million to $102.7 million in 2002 compared with $89.4 million in 2001. The increase is principally due to higher administrative expenses primarily for professional fees related to business development and on-going litigation combined with higher selling and marketing expenses related to our business expansion.

Provision for Kunia Well Site

As a result of communications with the EPA related to our leased plantation in Kunia, Hawaii, a non-cash charge of $15.0 million for environmental remediation was recorded in 2001. In 2002, as a result of additional communications with the EPA and the advice of our legal counsel and other experts, a non-cash charge of $7.0 million for environmental remediation was recorded. Including $4.1 million previously recorded, the total amount accrued for environmental remediation is $26.1 million and is included in other noncurrent liabilities at December 27, 2002. This represents the high end of the range of the estimated remediation costs associated with this matter.

Asset Impairment Charge

Based on the continued operating losses and decline in the estimated fair value of certain distribution facilities and other property in South Africa, South America and Central America, primarily related to the other fresh produce segment, a charge of $12.6 million for impairment of long-lived assets was recorded in 2002. There are numerous uncertainties and inherent risks in the fresh produce business, such as but not limited to general economic conditions, actions of competitors, ability to manage growth, actions of regulatory authorities, pending investigations and/or litigation, customer demand and risk relating to international operations. Adverse effects from these risks may result in adjustments to the carrying value of our assets and liabilities in the future.

Operating Income

Operating income in 2002 was $214.4 million compared with $164.9 million in 2001, an increase of $49.5 million, or 30%. The increase is due primarily to the increase in gross profit, a decrease in non-cash charge for the provision for the Kunia Well Site and the absence of amortization of goodwill, partially offset by the increase in selling, general and administrative expenses and asset impairment charges.

Interest Expense

Interest expense decreased $16.4 million to $15.7 million for 2002 compared with $32.1 million in 2001 as a result of lower average debt balances combined with lower effective interest rates.

Other Income (Loss), Net

Other income (loss), net improved by $32.7 million from a loss of $12.2 million in 2001 to income of $20.5 million in 2002. The change is due primarily to foreign exchange gains related to the stronger euro, gain on the sale of our equity investment in a Northern European distributor of $8.7 million and insurance proceeds of $2.4 million from claims related to our Guatemala operations.

Provision for Income Taxes

Provision for income taxes decreased from $26.5 million in 2001 to $18.6 million in 2002 primarily due to provisions recorded in 2001 due to ongoing audits in various jurisdictions, combined with a change in the mix of earnings to jurisdictions where tax rates are significantly lower.

As a result of these audits, we recorded a provision of $19.1 million in 2001. The accruals for the audits are included in other noncurrent liabilities in our balance sheet at December 27, 2002. We believe the amounts accrued as of December 27, 2002 are sufficient to cover potential tax assessments for the years under examination.

Cumulative Effect of Change in Accounting Principle

In 2002, as prescribed by Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," we completed the transitional goodwill impairment test. This review resulted in a non-cash impairment charge of $6.1 million for goodwill related to the other fresh produce reporting segment. This non-cash charge is accounted for as a cumulative effect of a change in accounting principle for the year ended December 27, 2002.

2001 Compared with 2000

Fresh Del Monte Produce Inc. and Subsidiaries

Net Sales

Net sales in 2001 were $1,928.0 million compared with $1,859.3 million in 2000. The increase in net sales of $68.7 million was attributable to the other fresh produce category, partially offset by lower banana net sales. Banana net sales decreased by $26.8 million as compared with the prior year due in part to a planned reduction in sales to selected less profitable markets, which was partially offset by increased per unit selling prices. Net sales of other fresh produce increased as a result of higher per unit sales prices of pineapples, melons, non-tropical fruit and fresh-cut products, as well as higher sales volumes of pineapples and fresh-cut products. The fresh-cut operations contributed $76.5 million to net sales in 2001.

Net sales were adversely affected by a stronger dollar versus the euro and Japanese yen. The net effect of foreign exchange in 2001 compared with 2000 was a decrease in net sales of approximately $37 million.

Cost of Products Sold

Cost of products sold was $1,645.1 million in 2001 compared with $1,692.4 million in 2000, a decrease of $47.3 million. The decrease is primarily due to the planned reduction in banana sales volume combined with lower sea transportation costs.

Gross Profit

Gross profit was $282.9 million in 2001 compared with $166.9 million in 2000, an increase of $116.0 million or 70%. As a percentage of net sales, gross profit margin increased to 15% in 2001 from 9% in 2000, primarily due to the increase in per unit banana selling prices and the higher net sales of other fresh produce, principally pineapples and melons, and reduced sea transportation costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $8.5 million to $89.4 million in 2001 compared with $80.9 million in 2000. The increase is principally due to higher selling and marketing expenses in North America combined with higher professional fees and other expenses due to business expansion efforts.

Provision for Kunia Well Site

As the result of communications with the EPA related to our leased plantation in Kunia, Hawaii, a charge of $15.0 million for environmental remediation was recorded in 2001.

Asset Impairment Charge

Based on the continued operating losses of certain growing and production facilities in South, Central and North America related to our banana and the other fresh produce categories and estimates of fair values related to these assets in 2001, we recorded a charge of $10.2 million for impairment of long-lived assets related primarily to property, plant and equipment to be disposed of or abandoned.

Operating Income

Operating income in 2001 was $164.9 million compared with $82.6 million in 2000, an increase of $82.3 million, or 100%. The increase is due primarily to an increase in gross profit, partially offset by the increase in selling, general and administrative expenses.

Interest Expense

Interest expense decreased $11.1 million to $32.1 million for 2001 compared with $43.2 million in 2000, as a result of lower effective interest rates during 2001 and a lower average debt balance.

Other Income (Loss), Net

Other income (loss), net increased by $6.1 million to a loss of $12.2 million in 2001 from a loss of $6.1 million in 2000. The change was due primarily to foreign exchange losses and higher minority interest expense related to consolidated subsidiaries, which are not wholly owned by us, partially offset by higher equity earnings of unconsolidated subsidiaries.

Provision for Income Taxes

Provision for income taxes increased from $2.9 million in 2000 to $26.5 million in 2001 primarily due to adjustments that could result from ongoing audits in various jurisdictions, increased earnings in jurisdictions where tax rates are significantly higher, and jurisdictions in which the use of tax loss carry forwards cannot be assured.

We are currently undergoing tax audits in several jurisdictions for certain years prior to 2001. As a result of these examinations, we recorded a provision of $19.1 million during 2001. The accrual for the audits is included in other noncurrent liabilities in our balance sheet at December 28, 2001. We believe the amounts accrued as of December 28, 2001 are sufficient to cover potential tax assessments for the years under examination.

Liquidity and Capital Resources

Net cash provided by operating activities for 2002 was $311.4 million, an increase of $81.2 million from 2001. The increase in net cash provided by operating activities was primarily attributable to the increase in net income, higher balances in accounts payable and accrued expenses and changes in other noncurrent assets and liabilities. This increase was partially offset by higher balances in trade accounts receivable and inventory.

Net cash provided by operating activities for 2001 was $230.2 million, an increase of $131.7 million from 2000. The increase in net cash provided by operating activities was primarily attributable to the increase in net income, lower inventory balances, a reduction in the growth of accounts receivable, and a reduction in advances to growers and other receivables, combined with changes in other noncurrent assets and liabilities.

Net cash used in investing activities was $68.3 million for 2002, $66.6 million for 2001 and $81.2 million for 2000. Net cash used in investing activities for 2002 consisted primarily of capital expenditures of $63.4 million, the acquisition of certain assets of U.K. based Fisher Foods Limited's chilled division (U.K. Fresh-Cut) from the administrative receivers for approximately $37.2 million, and the acquisition of an additional interest in National Poultry Company PLC for approximately $4.7 million, offset by the proceeds from the sale of assets of $6.8 million and the proceeds from the sale of an equity investment of $30.0 million. Capital expenditures in 2002 were primarily for expansion of our production facilities in South America and distribution and fresh-cut facilities in North America, the United Kingdom and the Asia-Pacific region and the purchase of a pre-owned refrigerated vessel. The U.K. Fresh-Cut acquisition includes three facilities dedicated to chilled fresh-cut produce and bagged and prepared salads and accelerates our growth in the fresh-cut category. The proceeds from the sale of an equity investment is attributed to the sale of our 80% non-controlling interest in Internationale Fruchtimport Gesellschaft Weichert & Co. ("Interfrucht"), a Northern European distributor of fresh fruit and other produce for a sales price of $30.0 million.

Net cash used in investing activities for 2001 was primarily attributable to capital expenditures of $55.9 million and the acquisition of the remaining 50% interest in a Chilean subsidiary engaged in the production of grapes and non-tropical fruit for approximately $13.8 million. Capital expenditures for 2001 were primarily for expansion of our production facilities in South America and distribution facilities in North America and the Asia-Pacific region. Net cash used for investing for 2000 was primarily attributable to capital expenditure of $75.5 million and the acquisition of fresh-cut operations in the United States and a fresh produce distribution operation in the United Kingdom totaling $9.9 million. Capital expenditures for 2000 were primarily for expansion of our production and distribution facilities in North and South America and the purchase of pre-owned refrigerated vessels.

Net cash used in financing activities of $248.3 million for 2002 was primarily for net repayments on long-term debt of $255.3 and payment of cash dividends of $11.1 million partially offset by proceeds from stock options exercised of $24.8 million. Net cash used in financing activities for 2001 and 2000 of $161.6 million and $37.7 million, respectively, were primarily for net repayment on long-term debt.

In recent years, we have financed our working capital and other liquidity requirements primarily through cash from operations and borrowings under our credit facility. We have a credit facility with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland," New York Branch, which we refer to as Rabobank. Our obligations under the credit facility are guaranteed by certain of our subsidiaries. This credit facility includes a revolving line of credit, letter of credit facility and foreign exchange contract facility of up to $450 million and as of May 2000, a term loan of an additional $135 million. The credit facility is collateralized directly or indirectly by substantially all of our assets and requires us to meet certain covenants. We believe we are in compliance with these covenants. The revolving line of credit expires on May 19, 2003, and amounts outstanding under the revolving line of credit must be repaid by that date. The revolving line of credit permits borrowings with an interest rate based on a spread over London Interbank Offered Rate ("LIBOR"). The term loan is payable in quarterly installments of $3.4 million which commenced in September 2000, and bears interest based on a spread over LIBOR. The term loan matures on May 10, 2005 with a final payment of the remaining unpaid balance. We have paid down $76.2 million of the term loan during the twelve months ended December 27, 2002 in addition to the quarterly installments of $3.4 million. The unpaid balance on the term loan was $25 million at December 27, 2002, bearing interest at a rate of 2.67% at that date. As of December 27, 2002, $4.1 million of the available credit line was applied towards the issuance of letters of credit and there were no borrowings under the revolving line of credit facility.

In connection with the revolving credit facility, we entered into an interest rate swap agreement, which expired in January 2003, with Rabobank International in order to limit the effect of an increase in interest rates on a portion of the revolving credit facility. The notional amount of the swap decreased over its life from $150 million in the first three months to $53.6 million in the last three months. The cash differentials paid or received on the swap agreement are accrued and recognized as adjustments to interest expense. Interest expense related to the swap agreement for 2002 and 2001 was $2.6 million and $1.4 million, respectively. Interest income related to the swap agreement for 2000 was $0.3 million.

As of December 27, 2002, we had $87.3 million of long-term debt and capital lease obligations, including the current portion, consisting of $25 million related to the term loan, $29.9 million of long-term debt related to refrigerated vessel loans, $7.8 million of other long-term debt and $24.6 million of capital lease obligations.

Principal capital expenditures planned for 2003 consist of approximately $70 million for expansion of distribution and fresh-cut facilities in North America and Europe and expansion of operating facilities in South America. We expect to fund our capital expenditures for the year 2003 from operating cash flows and borrowings under our revolving credit facility. We believe that cash generated from operations and available borrowings will be adequate to cover our cash needs in 2003.

We generated cash from operations of $311.4 million in 2002 and have $445.9 million available under our revolving credit facility as of December 27, 2002. Based on our operating plan and borrowing capacity of our revolving credit facility, we believe we have sufficient cash to meet our obligations in 2003. Our current revolving credit facility matures in May 2003. We are in the final stage of negotiations with respect to replacing our existing revolving credit facility and expect to reach an agreement during the second quarter of 2003. We believe we will be able to refinance our revolving line of credit and obtain suitable terms based on our positive operating results and cash flows in recent years.

Consolidated Balance Sheets

Fresh Del Monte Produce Inc. and Subsidiaries

	December 27, 2002	December 28, 2001
	(U.S. dollars in millions, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 9.5	$ 13.0
Trade accounts receivable, net of allowance of $17.8 and $13.9, respectively	162.4	141.2
Advances to growers and other receivables, net of allowance of $16.7 and $13.5, respectively	34.7	39.7
Inventories	188.4	178.5
Deferred income taxes	4.8	3.4
Prepaid expenses and other current assets	9.4	9.5
Total current assets	409.2	385.3
Investments in and advances to unconsolidated companies	23.0	42.9
Property, plant and equipment, net	703.9	658.1
Deferred income taxes	22.5	18.9
Other noncurrent assets	22.3	37.0
Goodwill	81.9	77.0
Total assets	$1,262.8	$1,219.2
Liabilities and shareholders' equity		
Current liabilities:		
Notes payable to banks	$ —	$ 1.2
Accounts payable and accrued expenses	231.0	186.2
Current portion of long-term debt and capital lease obligations	40.0	49.9
Deferred income taxes	8.6	9.6
Income taxes payable	26.2	12.7
Total current liabilities	305.8	259.6
Long-term debt	31.1	267.4
Capital lease obligations	16.2	14.8
Retirement benefits	59.2	53.2
Other noncurrent liabilities	56.7	41.0
Deferred income taxes	26.0	20.4
Total liabilities	495.0	656.4
Minority interest	8.3	12.3
Commitments and contingencies		
Shareholders' equity:		
Preferred shares, $0.01 par value; 50,000,000 shares authorized; none issued or outstanding	—	—
Ordinary shares, $0.01 par value; 200,000,000 shares authorized; 56,206,012 and 54,091,650 shares issued and outstanding	0.6	0.5
Paid-in capital	355.3	329.7
Retained earnings	420.5	236.4
Accumulated other comprehensive loss	(16.9)	(16.1)
Total shareholders' equity	759.5	550.5
Total liabilities and shareholders' equity	$1,262.8	$1,219.2

See accompanying notes

Consolidated Statements of Income

Fresh Del Monte Produce Inc. and Subsidiaries

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
	(U.S. dollars in millions, except share and per share data)		
Net sales	**$ 2,090.5**	$ 1,928.0	$ 1,859.3
Cost of products sold	**1,753.8**	1,645.1	1,692.4
Gross profit	**336.7**	282.9	166.9
Selling, general and administrative expenses	**102.7**	89.4	80.9
Amortization of goodwill	**—**	3.4	3.4
Provision for Kunia Well Site	**7.0**	15.0	—
Asset impairment charges	**12.6**	10.2	—
Operating income	**214.4**	164.9	82.6
Interest expense	**15.7**	32.1	43.2
Interest income	**0.7**	2.1	2.7
Other income (loss), net	**20.5**	(12.2)	(6.1)
Income before provision for income taxes and cumulative effect of change in accounting principle	**219.9**	122.7	36.0
Provision for income taxes	**18.6**	26.5	2.9
Income before cumulative effect of change in accounting principle	**201.3**	96.2	33.1
Cumulative effect of change in accounting principle	**(6.1)**	—	—
Net income	**$ 195.2**	$ 96.2	$ 33.1
Net income per share — Basic:			
Income before cumulative effect of change in accounting principle	**$ 3.63**	$ 1.79	$ 0.62
Cumulative effect of change in accounting principle	**(0.11)**	—	—
Net income per share — Basic	**$ 3.52**	$ 1.79	$ 0.62
Net income per share — Diluted:			
Income before cumulative effect of change in accounting principle	**$ 3.56**	$ 1.77	$ 0.62
Cumulative effect of change in accounting principle	**(0.11)**	—	—
Net income per share — Diluted	**$ 3.45**	$ 1.77	$ 0.62
Dividends declared per ordinary share	**$ 0.20**	$ —	$ —
Weighted average number of ordinary shares outstanding:			
Basic	**55,445,106**	53,856,392	53,763,600
Diluted	**56,538,659**	54,414,868	53,764,383

See accompanying notes

Consolidated Statements of Cash Flows

Fresh Del Monte Produce Inc. and Subsidiaries

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
		(U.S. dollars in millions)	
Operating activities:			
Net income	**$195.2**	$ 96.2	$ 33.1
Adjustments to reconcile net income to net cash provided by operating activities:			
Goodwill amortization	**—**	3.4	3.4
Depreciation and amortization other than goodwill	**59.4**	57.0	53.6
Amortization of debt issuance cost	**2.3**	2.0	1.7
Non-cash stock based compensation expense	**0.9**	—	—
Cumulative effect of change in accounting principle	**6.1**	—	—
Provision for Kunia Well Site	**7.0**	15.0	—
Asset impairment charges	**12.6**	10.2	—
Deferred credit vessel leases	**—**	—	(2.9)
Gain on sale of equity investment	**(8.7)**	—	—
Equity in earnings of unconsolidated companies, net of dividends	**2.9**	(1.6)	(1.4)
Unrealized loss on available-for-sale marketable securities	**—**	0.1	5.2
Deferred income taxes	**(0.4)**	(0.8)	(2.8)
Other, net	**(4.3)**	3.1	1.4
Changes in operating assets and liabilities, net of effects of acquisitions:			
Receivables	**(17.0)**	16.2	(10.6)
Inventories	**(11.5)**	10.5	7.4
Prepaid expenses and other current assets	**—**	(3.1)	6.9
Accounts payable and accrued expenses	**54.6**	(0.3)	(2.5)
Other noncurrent assets and liabilities	**12.3**	22.3	6.0
Net cash provided by operating activities	**311.4**	230.2	98.5
Investing activities:			
Capital expenditures	**(63.4)**	(55.9)	(75.5)
Capital expenditures due to Hurricane Mitch, net of insurance proceeds	**—**	—	(3.1)
Proceeds from sale of equity investment	**30.0**	—	—
Proceeds from sale of assets	**6.8**	1.4	5.9
Purchase of subsidiaries, net of cash acquired	**(41.9)**	(13.8)	(9.9)
Other investing activities, net	**0.2**	1.7	1.4
Net cash used in investing activities	**(68.3)**	(66.6)	(81.2)
Financing activities:			
Proceeds from long-term debt	**346.5**	256.0	273.5
Payments on long-term debt	**(601.8)**	(413.2)	(307.8)
Proceeds from short-term borrowings	**—**	2.2	5.8
Payments on short-term borrowings	**(3.5)**	(6.8)	(8.5)
Proceeds from stock options exercised	**24.8**	2.6	—
Payment of cash dividends	**(11.1)**	—	—
Other financing activities, net	**(3.2)**	(2.4)	(0.7)
Net cash used in financing activities	**(248.3)**	(161.6)	(37.7)
Effect of exchange rate changes on cash and cash equivalents	**1.7**	0.4	(0.2)
Cash and cash equivalents:			
Net change	**(3.5)**	2.4	(20.6)
Beginning balance	**13.0**	10.6	31.2
Ending balance	**$ 9.5**	$ 13.0	$ 10.6
Supplemental non-cash activities:			
Capital lease obligations for new assets	**$ 11.9**	$ 4.4	$ 13.9

See accompanying notes

Consolidated Statements of Shareholders' Equity

Fresh Del Monte Produce Inc. and Subsidiaries

	Ordinary Shares Outstanding	Ordinary Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
			(U.S. dollars in millions, except share data)			
Balance at December 31, 1999	53,763,600	$0.5	$327.1	$107.1	$ (8.9)	$425.8
Comprehensive income:						
Net income	—	—	—	33.1	—	33.1
Unrealized loss on available-for-sale marketable securities, net of reclassification for losses of $5.2 included in net income	—	—	—	—	3.6	3.6
Currency translation adjustment	—	—	—	—	(5.3)	(5.3)
Comprehensive income						31.4
Balance at December 29, 2000	53,763,600	0.5	327.1	140.2	(10.6)	457.2
Issuance of ordinary shares upon exercise of stock options	328,050	—	2.6	—	—	2.6
Comprehensive income:						
Net income	—	—	—	96.2	—	96.2
Unrealized loss on available-for-sale marketable securities, net of reclassification for losses of $0.1 included in net income	—	—	—	—	0.1	0.1
Currency translation adjustment	—	—	—	—	(3.3)	(3.3)
Unrealized loss on derivatives	—	—	—	—	(2.3)	(2.3)
Comprehensive income						90.7
Balance at December 28, 2001	54,091,650	0.5	329.7	236.4	(16.1)	550.5
Issuance of ordinary shares upon exercise of stock options	2,114,362	0.1	24.7	—	—	24.8
Non-cash compensation expense	—	—	0.9	—	—	0.9
Dividend	—	—	—	(11.1)	—	(11.1)
Comprehensive income:						
Net income	—	—	—	195.2	—	195.2
Currency translation adjustment	—	—	—	—	3.2	3.2
Unrealized loss on derivatives, net of reclassification for losses of $0.1 included in net income	—	—	—	—	(2.8)	(2.8)
Minimum pension liability	—	—	—	—	(1.2)	(1.2)
Comprehensive income						194.4
Balance at December 27, 2002	56,206,012	$0.6	$355.3	$420.5	$(16.9)	$759.5

See accompanying notes

Notes to Consolidated Financial Statements

Fresh Del Monte Produce Inc. and Subsidiaries

1. General

Fresh Del Monte Produce Inc. (''Fresh Del Monte'') was incorporated under the laws of the Cayman Islands on August 29, 1996 and is 47.9% owned by IAT Group Inc., which is 100% beneficially owned by members of the Abu-Ghazaleh family. In addition, members of the Abu-Ghazaleh family directly own 8.7% of the outstanding ordinary shares of Fresh Del Monte.

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

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents

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

Inventories

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

Growing Crops

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

Investments in Unconsolidated Companies

Investments in unconsolidated companies are accounted for under the equity method of accounting for investments in 20% to 50% owned companies and for investments in over 50% owned companies over which Fresh Del Monte does not have control.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is recorded following the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for buildings, 5 to 20 years for ships and containers, 2 to 20 years for machinery and equipment, 5 to 7 years for furniture, fixtures and office equipment and 5 years for automotive equipment. Leasehold improvements are amortized over the life of the lease, or the related asset, whichever is shorter. When assets are retired or disposed of, the costs and accumulated depreciation or amortization are removed from the respective accounts and any related gain or loss is recognized. Maintenance and repairs are charged to expense when incurred. Significant expenditures, which extend useful lives of assets, are capitalized. Interest is capitalized as part of the cost of construction. Costs related to land improvements for bananas, pineapples, grapes and non-tropical fruit and other agricultural projects are deferred during the formative stage and are amortized over the estimated life of the project.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

Goodwill

Prior to December 29, 2001, goodwill had been amortized on a straight-line basis over its estimated useful life, which ranged from 10 to 40 years. In July 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS No. 141") and No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). Effective December 29, 2001, Fresh Del Monte adopted SFAS No. 142. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed for impairment annually, or more frequently if indicators arise. Separable intangible assets that are not deemed to have indefinite lives will continue to be amortized over their useful lives. As prescribed by SFAS No. 142, Fresh Del Monte completed the transitional goodwill impairment test by the second quarter of 2002. This review resulted in a non-cash impairment charge of $6.1 million for goodwill related to the other fresh produce reporting segment. This non-cash charge has been accounted for as a cumulative effect of a change in accounting principle for the year ended December 27, 2002 (see Note 7).

Impairment of Long-Lived Assets

Effective December 29, 2001, Fresh Del Monte adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). SFAS No. 144 superseded Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS No. 121") and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations — Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," ("APB No. 30") for the disposal of a segment of a business. Consistent with SFAS No. 121, SFAS No. 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Based on the continued operating losses and decline in the estimated fair value of certain distribution facilities and other property in South Africa, South America and Central America, primarily related to the other fresh produce segment, a charge of $12.6 million for impairment of long-lived assets was recorded for the year ended December 27, 2002 and is included under the caption "Asset impairment charges." The fair value of these assets was determined based on discounted future cash flows or appraisals from third parties. In 2001, in accordance with SFAS No. 121, Fresh Del Monte recorded a charge of $10.2 million for impairment of long-lived assets related primarily to property, plant and equipment to be disposed of or abandoned in South and North America in the banana and the other fresh produce segments.

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

Revenue Recognition

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

Cost of Products Sold

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

Income Taxes

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

Environmental Remediation Liabilities

Losses associated with environmental remediation obligations are accrued when such losses are probable and can be reasonably estimated. Fresh Del Monte recorded provisions of $7.0 million and $15.0 million in 2002 and

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

2001, respectively, related to the environmental remediation for the Kunia Well Site (see Note 19).

Currency Translation

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

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

Other income (loss), net in the accompanying consolidated statements of income includes approximately $6.7 million in net gains on foreign exchange for 2002 and $12.9 million and $4.7 million in net losses on foreign exchange for 2001 and 2000, respectively. These amounts include the effect of foreign currency remeasurement, realized foreign currency transaction gains and losses and changes in the value of foreign currency denominated accounts receivable and accounts payable and related forward contracts.

Stock Based Compensation

As permitted under Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure — an amendment of FAS 123" ("SFAS No. 148"), which amended Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), Fresh Del Monte has chosen to account for its Stock Plan under the intrinsic value method as allowed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and related interpretations. Under APB No. 25, because the exercise price of Fresh Del Monte's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recorded (except as discussed in Note 17). SFAS No. 148 requires disclosure of the estimated fair value of employee stock options granted and pro forma financial information assuming compensation expense was recorded using these fair values.

Derivative Financial Instruments

Effective December 30, 2000, Fresh Del Monte adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), as amended by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" ("SFAS No. 138"). SFAS No. 133, as amended, requires the recognition of all derivative instruments as either assets or liabilities on the balance sheet measured at fair value and establishes new accounting rules for the hedging instrument depending on the nature of the hedge relationship. A fair value hedge requires that the effective portion of the change in the fair value of a derivative instrument be offset against the change in the fair value of the underlying asset, liability, or firm commitment being hedged through earnings. A cash flow hedge requires that the effective portion of the change in the fair value of a derivative instrument be recognized in other comprehensive income, a component of shareholders' equity, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of a derivative instrument's change in fair value is immediately recognized in earnings. Terminations of derivatives designated as hedges are immediately recognized in earnings. The consolidated financial statements for the years ended December 27, 2002 and December 28, 2001 comply with the provisions required by SFAS No. 133, while the consolidated financial statements for the year ended on or before December 29, 2000 were prepared in accordance with the applicable professional literature for derivatives and hedging instruments in effect at that time.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

Reclassifications

Certain amounts from 2001 and 2000 have been reclassified to conform to the 2002 presentation.

New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN No. 46"), to expand upon and strengthen existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of another entity. Until now, one company generally has included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN No. 46 changes that by requiring a variable interest entity, as defined, to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN No. 46 also requires disclosures about variable interest entities that the company is not required to consolidate but in which it has a significant variable interest. The consolidation requirements of FIN No. 46 apply immediately to variable interest entities created after January 31, 2003 and to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. Fresh Del Monte is currently evaluating the requirements and impact of FIN No. 46 and believes it will not have a material impact on its financial position, results of operations or cash flows.

In December 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure — an amendment of FAS 123" ("SFAS No. 148"). This statement amends SFAS No. 123, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition guidance and annual disclosure provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002, with earlier application permitted in certain circumstances. As of December 27, 2002, Fresh Del Monte has adopted SFAS No. 148 by electing to continue to follow the intrinsic value method of accounting for stock-based employee compensation under APB No. 25 and enhancing financial statement disclosures of the effect on net income and earnings per share of fair value provisions as if SFAS No. 123 had been applied.

In November 2002, the Financial Accounting Standards Board issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). The interpretation elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligations it assumes under the guarantee and must disclose that information in its interim and annual financial statements. The provisions related to recognizing a liability at inception of the guarantee for the fair value of the guarantor's obligations does not apply to product warranties or to guarantees accounted for as derivatives. The initial recognition and initial measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for financial statements of periods ending after December 15, 2002. Fresh Del Monte will adopt FIN No. 45 effective December 28, 2002 and believes that adoption of the recognition and measurement provisions of FIN No. 45 will not have a material impact on its financial position, results of operations or cash flows.

On July 30, 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS No. 146"). The statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or a disposal plan. Examples of costs covered by the statement include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing, or other exit or disposal activity. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. Fresh Del Monte will adopt SFAS No. 146 effective

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

December 28, 2002 and expects the adoption of this standard will not have a material impact on its financial position, results of operations or cash flows.

In April 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards Statement No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections" ("SFAS No. 145"). Among other provisions, SFAS No. 145 rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt." Accordingly, gains or losses from extinguishments of debt are not reported as extraordinary items unless the extinguishment qualifies as an extraordinary item under the criteria of APB No. 30. SFAS No. 145 is effective for fiscal years beginning after May 15, 2002. Fresh Del Monte will adopt SFAS No. 145 effective December 28, 2002 and does not expect the adoption will have a material impact on its financial position, results of operations or cash flows.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"). This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal use of the asset. As used in SFAS No. 143, a legal obligation results from existing law, statute, ordinance, written or oral contract, or by legal construction of a contract under the doctrine of promissory estoppel. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Fresh Del Monte will adopt SFAS No. 143 effective December 28, 2002 and is in process of evaluating the impact of adoption on its financial position, results of operations or cash flows.

3. Acquisitions and Dispositions

U.K. Fresh-Cut Acquisition

On June 26, 2002, Fresh Del Monte acquired certain assets of U.K.-based Fisher Foods Limited's chilled division ("U.K. Fresh-Cut") from its administrative receivers. The acquisition includes three facilities dedicated to chilled fresh-cut produce, and bagged and prepared salads such as coleslaw and potato salad and accelerates Fresh Del Monte's growth in the fresh-cut category. The total consideration paid in connection with the U.K. Fresh-Cut acquisition was approximately $37.2 million in cash. The assets acquired consisted primarily of property, plant and equipment. The acquisition has been accounted for as a purchase under SFAS No. 141, and accordingly, the purchase price was allocated to the assets acquired and liabilities assumed. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed amounted to $9.5 million and was recorded as goodwill and is being accounted for under SFAS No. 142. Effective June 28, 2002, the operating results of the U.K. Fresh-Cut operations were consolidated with the operating results of Fresh Del Monte. The following table summarizes the estimated fair values of the tangible assets acquired and liabilities assumed at the date of acquisition (U.S. dollars in millions):

Current assets	$ 2.4
Property and equipment	27.0
Current liabilities	(1.7)
Net assets acquired	$27.7

The following unaudited pro forma information presents a summary of the consolidated results of operations of Fresh Del Monte as if the U.K. Fresh-Cut acquisition had occurred on December 30, 2000 (U.S. dollars in millions, except share and per share data):

	Year Ended	
	December 27, 2002	December 28, 2001
Net sales	**$ 2,144.7**	$ 2,036.1
Income before cumulative effect of change in accounting principle	**$ 201.9**	$ 100.8
Net income	**$ 195.8**	$ 100.8
Diluted per share income before cumulative effect of change in accounting principle	**$ 3.57**	$ 1.85
Diluted net income per share	**$ 3.46**	$ 1.85
Number of ordinary shares used in computation	**56,538,659**	54,414,868

The unaudited pro forma results have been prepared for comparison purposes only and do not purport to be indicative of the actual results of operations which would have resulted had the acquisition occurred on December 30, 2000 and may not be indicative of future results of operations.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

National Poultry

In 2002, Fresh Del Monte acquired, from minority shareholders, an additional 9.6% of the outstanding common stock in National Poultry Company PLC ("National Poultry"), a publicly traded company in Jordan, engaged in the poultry business. Of the additional interest acquired, 5% was purchased from an individual related to a member of the Abu-Ghazaleh family. The total consideration paid was $4.7 million. This additional acquisition was accounted for using the purchase method of accounting and, accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on estimates of their underlying fair values. The excess of the purchase price over the fair value of the net assets acquired of $1.1 million was recorded as goodwill and is being accounted for under SFAS No. 142.

Agricola Villa Alegre

In June 2001, a subsidiary of Fresh Del Monte, which owned a 50% interest in Agricola Villa Alegre Limitada ("Villa Alegre"), a producer of grapes and non-tropical fruit in Chile, acquired the remaining 50% interest in Villa Alegre. The total consideration paid in connection with the acquisition of the remaining 50% interest was $13.8 million in cash and the assumption of approximately $2.7 million in short-term debt. The acquisition was accounted for using the purchase method of accounting and, accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on appraisals and other estimates of their underlying fair values. For the period prior to the acquisition, Fresh Del Monte accounted for the earnings from its original 50% investment in Villa Alegre using the equity method of accounting (see Note 5). Effective June 29, 2001, the operating results of Villa Alegre were consolidated with the operating results of Fresh Del Monte.

The following unaudited pro forma information presents a summary of consolidated results of operations of Fresh Del Monte as if the acquisition of the remaining 50% interest in Villa Alegre had occurred on January 1, 2000 (U.S dollars in millions, except share and per share data):

	Year Ended	
	December 28, 2001	December 29, 2000
Net sales	$ 1,928.0	$ 1,859.3
Net income	95.8	32.7
Diluted net income per share	$ 1.76	$ 0.61
Number of ordinary shares used in computation	54,414,868	53,764,383

The unaudited pro forma results have been prepared for comparison purposes only and do not purport to be indicative of the actual results of operations which would have resulted had the acquisition of the remaining 50% interest in Villa Alegre occurred on January 1, 2000, and may not be indicative of future results of operations.

Belgian Acquisition

On January 14, 1999, Fresh Del Monte acquired all of the outstanding shares of Banana Marketing Belgium N.V. ("BMB") and executed a long-term banana purchase agreement with a subsidiary of C.I. Banacol S.A. ("Banacol"). Banacol is a significant producer of bananas and BMB was Banacol's exclusive marketing company in Europe.

The total consideration paid in connection with the acquisition of BMB was $58.7 million. The acquisition was accounted for using the purchase method of accounting and, accordingly, the purchase price was allocated to the assets acquired of $36.9 million, consisting primarily of European banana import licenses, based on an appraisal. The value assigned to the banana import licenses is included in other noncurrent assets and was being amortized over their estimated life of five years. On May 12, 2001, the European Commission adopted a new regulation, which implemented a banana import system based on an agreement reached by the European Union with the U.S. government. The new system became effective July 1, 2001 and maintains the use of the banana import licenses until December 31, 2005. Based on this new system, Fresh Del Monte extended the amortization period of the banana import licenses acquired through December 31, 2005. The excess of the purchase price over the fair value of net assets acquired of $21.8 million was classified as goodwill and is being accounted for under SFAS No. 142.

The change in the amortization period of the Belgian licenses resulted in a reduction in amortization expense of $1.9 million or $0.03 per diluted share for 2001.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

Sale of Interfrucht

On September 30, 2002, Fresh Del Monte entered into a sale and purchase agreement to sell its 80% non-controlling interest in Internationale Fruchtimport Gesellschaft Weichert & Co. ("Interfrucht"), a Northern European distributor of fresh fruit and other produce with an ownership transfer date of December 31, 2002. The transaction closed on December 13, 2002. The sale of the 80% non-controlling interest in Interfrucht will enable Fresh Del Monte to control the direct marketing of its products in the Northern European region.

In conjunction with this agreement, Fresh Del Monte entered into agreements to purchase annually 3.4 million European banana import licenses starting in January 2003 through the termination of the European banana import license regime. The European banana import license regime is scheduled to end on December 31, 2005. Of the 3.4 million banana import licenses, 1.8 million will be purchased directly from Interfrucht, resulting in a partial deferral of the gain on the sale of the investment. The present value of the license payments to be made to Interfrucht over the three-year period is $12.9 million and has been recorded as a deferred gain to be amortized through December 31, 2005.

Also in connection with the agreement, Fresh Del Monte purchased the remaining interest in a vessel owned by Interfrucht for $2.8 million. The amount paid represents the fair value of the remaining 20% of the vessel not already owned by Fresh Del Monte.

The proceeds from the sale were $30.0 million. The pre-tax and after-tax gain on the sale in excess of the present value of the license payments was $8.7 million and $4.2 million, respectively.

4. Inventories

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

	December 27, 2002	December 28, 2001
Fresh produce, principally in-transit	**$ 54.7**	$ 44.1
Raw materials and packaging supplies	**67.1**	70.0
Growing crops	**66.6**	64.4
	$188.4	$178.5

5. Investments in Unconsolidated Companies

Fresh Del Monte utilizes the equity method of accounting for investments in 20% to 50% owned companies and for investments in over 50% owned companies over which Fresh Del Monte does not have control. Investments in unconsolidated companies accounted for under the equity method amounted to $21.9 million and $41.3 million at December 27, 2002 and December 28, 2001, respectively. At December 27, 2002 and December 28, 2001, net amounts receivable from unconsolidated companies amounted to $6.1 million and $6.8 million, respectively.

Investments in unconsolidated companies consisted of the following at December 27, 2002 and December 28, 2001:

Company	Business	Ownership Interest
Compañia Industrial Corrugadora Guatemala, S.A.	Manufacture of corrugated boxes	50%
Davao Agricultural Ventures Corporation	Pineapple production	40%
Agricola Villa Alegre Limitada	Grape and non-tropical fruit production	50%(a)
Melones Del Pacifico, S.A.	Melon production	50%
Melones De Costa Rica, S.A. and Subsidiary	Melon production	50%
Hacienda Filadelfia, S.A.	Melon production	50%
Frutas de Parrita, S.A.	Melon production	50%
Interfrucht	Distribution of fresh fruit and other produce	80%(b)

(a) 50% owned through June 29, 2001 (see Note 3)

(b) Interest owned through December 13, 2002 (see Note 3)

Purchases from these unconsolidated companies were $55.3 million, $62.4 million and $63.8 million for 2002, 2001 and 2000, respectively.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

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

	December 27, 2002	December 28, 2001
Current assets	$ 34.2	$ 48.2
Noncurrent assets	32.6	52.4
Current liabilities	(14.2)	(23.6)
Noncurrent liabilities	(5.2)	(5.2)
Net worth	$ 47.4	$ 71.8

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
Net sales	$195.7	$193.8	$206.0
Gross profit	7.8	10.4	15.9
Net income	3.3	6.6	5.8

Fresh Del Monte's portion of earnings in unconsolidated companies amounted to $1.5 million, $4.1 million and $3.6 million, in 2002, 2001 and 2000, respectively, and is included in other income (loss), net. Dividends received from unconsolidated subsidiaries amounted to $3.6 million, $2.5 million and $2.2 million in 2002, 2001 and 2000, respectively.

6. Property, Plant and Equipment

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

	December 27, 2002	December 28, 2001
Land and land improvements	$ 254.1	$ 251.8
Buildings and leasehold improvements	193.8	158.7
Maritime equipment (including containers)	235.1	210.4
Machinery and equipment	184.7	140.8
Furniture, fixtures and office equipment	62.7	52.8
Automotive equipment	20.1	17.0
Construction-in-progress	26.9	36.6
	977.4	868.1
Less accumulated depreciation and amortization	(273.5)	(210.0)
	$ 703.9	$ 658.1

Depreciation and amortization expense on property, plant and equipment amounted to $54.8 million, $51.5 million and $46.2 million for 2002, 2001 and 2000, respectively.

Buildings, containers, machinery and equipment and automotive equipment under capital leases totaled $43.6 million and $38.1 million at December 27, 2002 and December 28, 2001, respectively. Accumulated amortization for assets under capital leases was $11.2 million and $10.2 million at December 27, 2002 and December 28, 2001, respectively.

7. Goodwill and Other Intangible Assets

Effective December 29, 2001, Fresh Del Monte adopted SFAS No. 142. As prescribed by SFAS No. 142, Fresh Del Monte completed the transitional goodwill impairment test by the second quarter of 2002. This review resulted in a non-cash impairment charge of $6.1 million for goodwill related to the other fresh produce reporting segment. This non-cash charge has been presented as a cumulative effect of a change in accounting principle in the accompanying statement of income for the year ended December 27, 2002.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

The following pro forma information presents the consolidated results of operations of Fresh Del Monte as if the adoption of SFAS No. 142 had occurred on January 1, 2000 (U.S. dollars in millions, except share and per share data):

	Year ended December 27, 2002	Year ended December 28, 2001	Year ended December 29, 2000
Reported net income before cumulative effect of change in accounting principle	**$ 201.3**	$ 96.2	$ 33.1
Goodwill amortization	**—**	3.4	3.4
Cumulative effect of change in accounting principle	**(6.1)**	—	—
Adjusted net income	**$ 195.2**	$ 99.6	$ 36.5
Basic earnings per share:			
Reported net income before cumulative effect of change in accounting principle	**$ 3.63**	$ 1.79	$ 0.62
Goodwill amortization	**—**	0.06	0.06
Cumulative effect of change in accounting principle	**(0.11)**	—	—
Adjusted net income	**$ 3.52**	$ 1.85	$ 0.68
Diluted earnings per share:			
Reported net income before cumulative effect of change in accounting principle	**$ 3.56**	$ 1.77	$ 0.62
Goodwill amortization	**—**	0.06	0.06
Cumulative effect of change in accounting principle	**(0.11)**	—	—
Adjusted net income	**$ 3.45**	$ 1.83	$ 0.68
Number of ordinary shares used in computation			
Basic	**55,445,106**	53,856,392	53,763,600
Diluted	**56,538,659**	54,414,868	53,764,383

The following table reflects the changes in the carrying amount of goodwill by operating segment for the year ended December 27, 2002 (U.S. dollars in millions):

	Balance at December 28, 2001	Impairment Charge	Acquisition	Foreign Exchange and Other	Balance at December 27, 2002
Bananas	$34.4	$ —	$ —	$ —	**$34.4**
Other fresh produce	42.1	(6.1)	9.5	—	**45.5**
Non-produce	0.5	—	1.1	0.4	**2.0**
Total	$77.0	$(6.1)	$10.6	$0.4	**$81.9**

Accumulated amortization of goodwill was $11.1 and $12.2 million as of December 27, 2002 and December 28, 2001, respectively.

8. Hurricane Mitch

In 1998, Fresh Del Monte's Guatemalan banana operations were damaged as a result of Hurricane Mitch. Insurance recoveries related to Hurricane Mitch of $2.4 million are included in other income (loss), net for the year ended December 27, 2002.

Fresh Del Monte maintained insurance for both property damage and business interruption applicable to its production facilities, including its operations in Guatemala.

The policies providing the coverages for losses caused by Hurricane Mitch were subject to deductibles of $0.1 million for property damage and business interruption. Fresh Del Monte is pursuing additional recoveries under its business interruption coverages related to the damage of its operations in Guatemala caused by Hurricane Mitch. The amount of total recoveries under business interruption coverages cannot be estimated at this time.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

9. Accumulated Other Comprehensive Loss

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

	Currency Translation Adjustments	Unrealized Gain/(Loss) on Available-for-Sale Marketable Securities	Unrealized Loss on Derivatives	Minimum Pension Liability	Total
Balance, December 31, 1999	$ (5.2)	$(3.7)	$ —	$ —	$ (8.9)
Current year net change in accumulated other comprehensive income (loss)	(5.3)	3.6	—	—	(1.7)
Balance, December 29, 2000	(10.5)	(0.1)	—	—	(10.6)
Current year net change in accumulated other comprehensive income (loss)	(3.3)	0.1	(2.3)	—	(5.5)
Balance, December 28, 2001	(13.8)	—	(2.3)	—	(16.1)
Current year net change in accumulated other comprehensive income (loss)	3.2	—	(2.8)	(1.2)	(0.8)
Balance, December 27, 2002	**$ (10.6)**	**$ —**	**$ (5.1)**	**$ (1.2)**	**$ (16.9)**

10. Accounts Payable and Accrued Expenses

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

	December 27, 2002	December 28, 2001
Trade payables	**$111.7**	$ 85.0
Payroll and employee benefits	**16.0**	11. 7
Vessel and port operating expenses	**16.2**	14.7
Accrued interest payable	**1.1**	2.0
Other payables and accrued expenses	**86.0**	72.8
	$231.0	$186.2

11. Provision for Income Taxes

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

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
Current:			
U.S. federal income tax	**$ 3.9**	$18.1	$ —
State	**0.7**	0.3	—
Non-U.S	**14.4**	8.9	5.7
	19.0	27.3	5.7
Deferred:			
U.S	**0.9**	(1.0)	(1.0)
State	**0.2**	—	—
Non-U.S	**(1.5)**	0.2	(1.8)
	(0.4)	(0.8)	(2.8)
Provision for income taxes	**$18.6**	$26.5	$ 2.9

Total income tax payments during 2002, 2001 and 2000 were $4.4 million, $6.3 million and $3.9 million, respectively.

Income (loss) before provision for income taxes and cumulative effect of change in accounting principle consisted of the following (U.S. dollars in millions):

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
United States	**$ 6.8**	$ (26.0)	$(13.5)
Non-U.S	**213.1**	148.7	49.5
	$219.9	$ 122.7	$ 36.0

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

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

	Year Ended December 27, 2002	Year Ended December 28, 2001	Year Ended December 29, 2000
Income tax provision computed at the U.S statutory federal income tax rate	**$ 77.0**	$ 42.9	$12.6
Effect of tax rates on non-U.S. operations, and changes in valuation allowance for non-U.S operations	**(61.6)**	(42.4)	(9.7)
Provision for tax audits	**—**	19.1	—
Increase in U.S valuation allowance	**3.2**	6.9	—
Reported provision for income taxes	**$ 18.6**	$ 26.5	$ 2.9

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

	December 27, 2002	December 28, 2001
Deferred tax liabilities:		
Current:		
Inventories	**$ (8.6)**	$ (9.6)
Total current deferred tax liabilities	**(8.6)**	(9.6)
Noncurrent:		
Depreciation	**(21.7)**	(15.9)
Equity in earnings of unconsolidated companies	**(4.3)**	(4.5)
Total noncurrent deferred tax liabilities	**(26.0)**	(20.4)
Total current and noncurrent deferred tax liabilities	**(34.6)**	(30.0)
Deferred tax assets:		
Current:		
Allowances and other accrued liabilities	**4.8**	3.4
Total current deferred tax assets	**4.8**	3.4
Noncurrent:		
Pension liability	**1.6**	1.7
Post-retirement benefits other than pension	**8.3**	7.2
Net operating loss carryforwards	**37.3**	32.4
Other, net	**11.9**	8.1
Total noncurrent deferred tax assets	**59.1**	49.4
Total current and noncurrent deferred tax assets	**63.9**	52.8
Valuation allowance	**(36.6)**	(30.5)
Net deferred tax liabilities	**$ (7.3)**	$ (7.7)

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

The valuation allowance established with respect to the deferred tax assets relates primarily to net operating losses and Kunia Well Site accruals in taxing jurisdictions where, due to Fresh Del Monte's current and foreseeable operations within the various jurisdictions, it is deemed more likely than not that future taxable income will not be sufficient within such jurisdictions to realize the related income tax benefits. During 2002 and 2001, the valuation allowance increased by $6.1 million and $2.7 million, respectively.

At December 27, 2002, Fresh Del Monte had approximately $144.3 million of tax operating loss carryforwards expiring as follows (U.S. dollars in millions):

Expiration	Amount
2004	$ 0.9
2005	1.9
2006	1.4
2007 and beyond	27.5
No expiration	112.6
	$144.3

Fresh Del Monte is currently undergoing tax audits in several jurisdictions for certain years prior to 2002. The accruals for the audits are included in other noncurrent liabilities in the accompanying balance sheets at December 27, 2002 and December 28, 2001. Fresh Del Monte believes the amounts accrued as of December 27, 2002 are sufficient to cover the estimated costs to resolve these tax assessments.

12. Notes Payable to Banks

At December 28, 2001, Fresh Del Monte had $1.6 million available of working capital revolving credit facilities with banks in Japan and Chile. These facilities expired on May 2002 and June 2002, respectively. Interest rates as of December 28, 2001 were 2.5% and 4.0%, respectively. As of December 28, 2001, there was $1.2 million in borrowings outstanding under these credit facilities.

The weighted average interest rate on borrowings under these short-term credit facilities as of December 28, 2001 was 3.5%. The cash payments for interest on notes payable to banks and other financial institutions was $0.4 million and $0.3 million for 2001 and 2000, respectively. The cash payments on notes payable to banks and other financial institutions for 2002 were nominal.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

13. Long-Term Debt

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

	December 27, 2002	December 28, 2001
$450.0 million five-year syndicated credit facility (see below)	$ —	$130.4
$135.0 million five-year term loan (see below)	25.0	114.8
Term notes bearing interest at various rates ranging from 8.62% to LIBOR plus 1.25%, set quarterly (2.67% at December 27, 2002), payable in quarterly installments of principal and interest maturing from January 2003 to March 2006, secured by mortgages on five of Fresh Del Monte's vessels	5.8	7.6
Term notes bearing interest at 8.62%, payable in quarterly installments of principal and interest maturing in January 2003, secured by mortgages on six of Fresh Del Monte's vessels	2.5	9.9
Term notes bearing interest at 7.14%, payable in quarterly installments of principal and interest maturing in January 2005, with a balloon payment of $6.9 million due in January 2005, secured by mortgages on three of Fresh Del Monte's vessels for 2001 and two for 2002	13.5	17.3
Term notes payable to financial institutions, bearing interest at LIBOR plus 1%, set quarterly (2.76% at December 27, 2002) due October 2003, secured by mortgages on five of Fresh Del Monte's vessels	8.1	15.5
Various other notes payable	7.8	15.2
Total	62.7	310.7
Less current portion	(31.6)	(43.3)
	$ 31.1	$267.4

On May 19, 1998, Fresh Del Monte, and certain wholly-owned subsidiaries, entered into a $350.0 million, five-year syndicated credit facility (the "Revolving Credit Facility"), with Rabobank International, New York Branch, as agent. On December 15, 1998, the Revolving Credit Facility was amended to increase the borrowing level to $389.0 million, and on May 20, 1999, the Revolving Credit Facility was amended to increase the borrowing level to $450.0 million. The Revolving Credit Facility includes a swing line facility, a letter of credit facility and an exchange contract facility. The Revolving Credit Facility is collateralized directly or indirectly by substantially all of the assets of Fresh Del Monte and its subsidiaries. The facility expires on May 19, 2003 and permits borrowings with an interest rate based on a spread over the London Interbank Offered Rate ("LIBOR"). Fresh Del Monte is in the final stage of negotiations with respect to replacing its existing revolving credit facility and expects to reach an agreement during the second quarter of 2003.

Outstanding borrowings at December 28, 2001 were $130.4 million, bearing interest at a weighted average rate of 3.5%. There were no outstanding borrowings under this facility at December 27, 2002. At December 27, 2002 and December 28, 2001, Fresh Del Monte applied $4.1 million and $2.7 million, respectively, of available credit under this facility towards the issuance of letters of credit.

On May 10, 2000, Fresh Del Monte amended its $450.0 million Revolving Credit Facility to include a five-year term loan ("Term Loan") of $135.0 million, giving Fresh Del Monte a total borrowing capacity under this facility of $585.0 million. The Term Loan, having similar terms and conditions as those of the Revolving Credit Facility, is payable in quarterly installments of $3.4 million, which commenced in September 2000, and bears interest based on a spread over LIBOR. The Term Loan matures on May 10, 2005 with a final payment of the remaining unpaid balance. Fresh Del Monte has paid down $76.2 million of the Term Loan during 2002 in addition to the quarterly installments of $3.4 million, leaving an unpaid balance at December 27, 2002 of $25.0 million bearing interest at a rate of 2.67%.

The Revolving Credit Facility contains covenants, which require Fresh Del Monte to maintain certain minimum financial ratios and limits the payment of future dividends. In connection with the Revolving Credit Facility, Fresh Del Monte entered into an interest rate swap agreement expiring in 2003 with the same bank to limit

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Fresh Del Monte Produce Inc. and Subsidiaries

the effect of increases in interest rates on a portion of the Revolving Credit Facility (see Note 20). The notional amount of the swap decreases over its life from $150.0 million in the first three months, to $53.6 million in the last three months. The cash differentials paid or received on the swap agreement are accrued and recognized as adjustments to interest expense. Interest expense related to the swap agreement amounted to $2.6 million and $1.4 million for 2002 and 2001, respectively. Interest income related to the swap agreement for 2000 amounted to $0.3 million.

Cash payments of interest on long-term debt, net of amounts capitalized, were $8.8 million, $28.9 million and $38.3 million for 2002, 2001 and 2000, respectively.

Maturities on long-term debt during the next five years are (U.S. dollars in millions):

2003	$31.6
2004	16.7
2005	8.8
2006	1.2
2007	0.9
Thereafter	3.5
	$62.7

14. Capital Lease Obligations

Fresh Del Monte leases certain buildings, machinery and equipment, and containers under capital leases. These lease obligations are payable in monthly installments. The future minimum lease payments at December 27, 2002 are as follows (U.S. dollars in millions):

2003	$10.0
2004	7.5
2005	4.0
2006	5.8
2007	0.4
Thereafter	—
Total payments remaining under capital leases	27.7
Less amount representing interest	(3.1)
Present value of capital leases	24.6
Less current portion	(8.4)
Capital lease obligations, net of current portion	$16.2

15. Earnings Per Share

Basic and diluted per share income before cumulative effect of change in accounting principle is calculated as follows (U.S. dollars in millions, except share and per share data):

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
Numerator:			
Income before cumulative effect of change in accounting principle	**$ 201.3**	$ 96.2	$ 33.1
Denominator:			
Denominator for basic earnings per share — weighted average number of ordinary shares outstanding	**55,445,106**	53,856,392	53,763,600
Effect of dilutive securities:			
Employee stock options	**1,093,553**	558,476	783
Denominator for diluted earnings per share	**56,538,659**	54,414,868	53,764,383
Income before cumulative effect of change in accounting principle per share:			
Basic	**$ 3.63**	$ 1.79	$ 0.62
Diluted	**$ 3.56**	$ 1.77	$ 0.62

The number of outstanding stock options considered antidilutive for either part or all of the year and not included in the calculation of diluted net income per share for 2001 and 2000 were 1,478,000 and 3,082,000, respectively. There were no antidilutive options for any part of 2002.

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Fresh Del Monte Produce Inc. and Subsidiaries

16. Retirement and Other Employee Benefits

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

As of July 31, 1997, a subsidiary of Fresh Del Monte ceased accruing benefits under its cash balance pension plan covering all salaried employees who were U.S. based and worked a specified minimum number of hours. The hypothetical account balances under such plan continued to be credited with monthly interest, and participants who are not fully vested in such plan continued to earn vesting services after July 31, 1997. Fresh Del Monte adopted an amendment to terminate the cash balance plan effective as of December 31, 1999, and a settlement distribution of $10.1 million was paid during 2000. The loss recognized in 2000 due to settlement amounted to $1.1 million.

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

The weighted average discount rate used in determining the accumulated benefit obligation for postretirement pension benefit obligation was 6.75% and 7.25% at December 27, 2002 and December 28, 2001, respectively. For measuring the liability as of December 27, 2002, a 10% and 12% annual rate of increase in pre-Medicare and post-Medicare real medical inflation, respectively, was assumed. This annual inflation rate was assumed to be declining gradually to 5.5% by the year 2008 for pre-Medicare and 2011 for post-Medicare.

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

	December 27, 2002	December 28, 2001
Weighted average discount rate	**6.00% - 6.75%**	6.00% - 7.25%
Rate of increase in compensation levels	**3.50%**	4.50%
Expected long-term return on assets	**8.75%**	8.75%

As a result of the decline in value of plan assets and lower interest rates utilized in discounting liabilities, Fresh Del Monte recorded, in accordance with Statement of Financial Accounting Standards No. 87, Employers' Accounting for Pensions" ("SFAS No. 87"), an additional minimum pension liability as "Retirement benefits" in the accompanying consolidated balance sheet at December 27, 2002, which resulted in a charge directly to shareholders' equity of $1.2 million in 2002.

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Fresh Del Monte Produce Inc. and Subsidiaries

The following table sets forth a reconciliation of benefit obligations, plan assets and funded status for Fresh Del Monte's defined benefit pension plans and post retirement pension plan as of December 27, 2002 and December 28, 2001 (U.S. dollars in millions):

	Postretirement Plan		Defined Benefit Plans	
	December 27, 2002	December 28, 2001	**December 27, 2002**	December 28, 2001
Changes in Benefit Obligation:				
Benefit obligation at beginning of period	**$ 17.0**	$ 13.7	**$14.6**	$14.0
Service cost	**0.6**	0.6	**0.4**	0.3
Interest cost	**1.2**	0.9	**1.0**	1.0
Actuarial (gain)/loss	**5.5**	2.3	**0.8**	0.2
Benefits paid	**(0.6)**	(0.5)	**(0.7)**	(0.8)
Other	**—**	—	**0.2**	(0.1)
Benefit obligation at end of period	**$ 23.7**	$ 17.0	**$16.3**	$14.6
Change in Plan Assets:				
Fair value of plan assets at beginning of period	**$ —**	$ —	**$11.4**	$10.8
Actual return on plan assets	**—**	—	**0.2**	0.8
Employer contribution	**0.6**	0.5	**0.2**	0.6
Benefits paid	**(0.6)**	(0.5)	**(0.7)**	(0.8)
Fair value of plan assets at end of period	**$ —**	$ —	**$11.1**	$11.4
Reconciliation of accrued cost:				
Funded status	**$(23.7)**	$(17.0)	**$ (5.2)**	$ (3.2)
Unrecognized net (gain)/loss	**2.7**	(2.9)	**2.7**	1.2
Additional minimum liability	**—**	—	**(1.2)**	—
Accrued benefit cost	**$(21.0)**	$(19.9)	**$ (3.7)**	$ (2.0)

The following table sets forth the net periodic pension cost of Fresh Del Monte's defined benefit pension plans for 2002, 2001 and 2000 (U.S. dollars in millions):

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
Service cost-benefits earned during the period	**$ 0.4**	$ 0.3	$ 0.3
Interest cost on projected benefit obligation	**1.0**	1.0	1.4
Expected return on assets	**(1.0)**	(0.9)	(1.3)
Net periodic pension expense for defined benefit plans	**$ 0.4**	$ 0.4	$ 0.4

The following table sets forth the net periodic cost of Fresh Del Monte's postretirement plan for 2002, 2001 and 2000 (U.S. dollars in millions):

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
Service cost-benefits earned during the period	**$ 0.6**	$ 0.6	$ 0.5
Interest cost on accumulated postretirement benefit obligation	**1.2**	0.9	0.9
Net amortization of deferred gain	**(0.1)**	(0.4)	(0.4)
Net periodic postretirement benefit cost	**$ 1.7**	$ 1.1	$ 1.0

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The cost trend rate assumption has a significant impact on the amounts reported. For example, increasing the cost trend rate 1% each year would increase the accumulated postretirement benefit obligation by $3.6 million as of December 27, 2002 and the total of service cost plus interest cost by $0.5 million for 2002. In addition, decreasing the trend rate by 1% would decrease the accumulated postretirement benefit obligation by $3.0 million as of December 27, 2002 and the total of the service cost plus interest cost by $0.4 million for 2002.

Fresh Del Monte also sponsors a defined contribution plan established pursuant to Section 401(k) of the Internal Revenue Code. Subject to certain dollar limits, employees may contribute a percentage of their salaries to the plan, and Fresh Del Monte will match a portion of each employee's contribution. This plan is in effect for U.S. based employees only. The expense pertaining to this plan was $1.0 million, $0.8 million, and $0.4 million for 2002, 2001 and 2000, respectively.

Fresh Del Monte provides retirement benefits to substantially all employees who are not U.S. based. Generally, benefits under these programs are based on an employee's length of service and level of compensation. The majority of these programs are commonly referred to as termination indemnities, which provide retirement benefits in accordance with programs, mandated by the governments of the countries in which such employees work. The expense pertaining to these programs was $3.2 million, $3.0 million and $4.3 million for 2002, 2001 and 2000, respectively.

Funding generally occurs when employees cease active service. The most significant of these programs pertains to one of Fresh Del Monte's subsidiaries in Central America for which a liability of $16.4 million and $14.7 million was recorded at December 27, 2002 and December 28, 2001, respectively. Expenses for this program for 2002, 2001 and 2000 amounted to $1.2 million, $1.5 million and $1.8 million, respectively, including service cost earned of $0.7 million, $0.9 million and $0.9 million, and interest cost of $0.7 million, $0.8 million and $0.9 million, respectively.

As of August 31, 1997, a subsidiary of the Fresh Del Monte ceased accruing benefits under its salary continuation plan covering all Central American management personnel. At December 27, 2002 and December 28, 2001, Fresh Del Monte had $9.0 million and $9.1 million, respectively, accrued for this plan.

17. Stock Based Compensation

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

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

Under the plans, twenty percent of the options usually vest immediately, and the remaining options vest in equal installments over the next four years and may be exercised over a period not in excess of ten years. During 2000, the vesting schedule for 120,000 options granted during the year was accelerated so that 100% of the options vested within six months.

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Fresh Del Monte Produce Inc. and Subsidiaries

During 2002 and 2001, 2,114,362 and 328,050 options were exercised, respectively. Fresh Del Monte received proceeds of $24.8 million and $2.6 million due to the exercise of those options in 2002 and 2001, respectively.

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

	Number of Shares	Weighted Average Exercise Price
Options outstanding at		
January 1, 2000	3,108,000	$12.08
Granted	150,000	$ 9.14
Canceled	(176,000)	$13.90
Options outstanding at		
December 29, 2000	3,082,000	$12.52
Granted	1,159,030	$ 5.95
Exercised	(328,050)	$ 7.80
Canceled	(90,000)	$15.11
Options outstanding at		
December 28, 2001	3,822,980	$10.87
Granted	60,000	$22.01
Exercised	(2,114,362)	$11.67
Canceled	(6,000)	$10.82
Options outstanding at		
December 27, 2002	1,762,618	$10.29
Exercisable at December 29, 2000	1,698,000	$13.10
Exercisable at December 28, 2001	2,125,756	$13.11
Exercisable at December 27, 2002	775,200	$12.71

Range of Exercise Prices	Number of Options Outstanding at December 27, 2002	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable at December 27, 2002	Weighted Average Price of Exercisable Options at December 27, 2002
$ 5.95 - $ 9.28	1,179,118	7.7 years	$7.28	316,700	$8.06
$14.22 - $16	523,500	5.1 years	$15.72	446,500	$15.75
$22.01	60,000	10.0 years	$22.01	12,000	$22.01

As described in Note 2, Fresh Del Monte uses the intrinsic value method to account for employee stock options. SFAS No. 123 requires pro forma information regarding net income and earnings per share determined as if Fresh Del Monte had accounted for its employee stock options under the fair value method of SFAS No. 123. The fair value of the outstanding options was estimated at the date of grant using a Black-Scholes option valuation model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility.

The weighted-average fair value of each option granted during 2002, 2001 and 2000 is estimated at $9.16, $2.34 and $1.37, respectively, on the date of grant using the Black-Scholes option valuation model and the following assumptions: dividend yield of 0.91%, 3.36% and 0% in 2002, 2001 and 2000, respectively, expected volatility of 0.535, 0.603 and 0.53 in 2002, 2001 and 2000, respectively, risk free interest rate of 3.00%, 3.31% and 5.02% in 2002, 2001 and 2000, respectively, and expected lives of two to five years.

For purposes of pro forma disclosures required by SFAS No. 123, the estimated fair value of the options is amortized to expense over the options' vesting period. The following information shows the effect on net income and earnings per share if Fresh Del Monte had applied the fair value recognition provisions of SFAS No. 123 for 2002, 2001 and 2000 (U.S. dollars in millions, except share and per share data):

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
Reported net income	$ 195.2	$ 96.2	$ 33.1
Non-cash compensation expense under intrinsic value method	0.9	—	—
Stock-based employee compensation expense under fair value method	(3.0)	(6.0)	(5.3)
Adjusted net income	$ 193.1	$ 90.2	$ 27.8
Adjusted net income per ordinary share			
Basic	$ 3.48	$ 1.67	$ 0.52
Diluted	$ 3.42	$ 1.66	$ 0.52
Number of ordinary shares used in computation			
Basic	55,445,106	53,856,392	53,763,600
Diluted	56,538,659	54,414,868	53,764,383

In accordance with APB No. 25, because the exercise price of Fresh Del Monte's employee stock options equaled the market price of the underlying stock on the

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date of grant, no compensation expense was recorded for 2002, 2001 and 2000 in connection with the 1997 Plan and the 1999 Plan. Compensation expense of $0.9 million was recorded for the year ended December 27, 2002 related to a modification of terms for stock options previously granted to a director.

18. Commitments and Contingencies

Fresh Del Monte leases agricultural land and certain property, plant and equipment, including office facilities and vessels, under operating leases. The aggregate minimum rental payments under all operating leases with initial terms of one year or more at December 27, 2002 are as follows (U.S. dollars in millions):

2003	$14.8
2004	13.3
2005	12.1
2006	11.2
2007	9.6
Thereafter	17.4
	$78.4

Total rent expense for all operating leases amounted to $26.3 million, $23.5 million and $39.0 million for 2002, 2001 and 2000, respectively, of which $22.1 million pertained to vessel charter lease commitments in 2000. In 2001 and 2002, Fresh Del Monte did not have vessel charter lease commitments with initial terms of one year or more.

Fresh Del Monte also has agreements to purchase substantially all of the production of certain independent growers in Costa Rica, Guatemala, Ecuador, Cameroon, Colombia, Chile, Panama, South Africa and the Philippines. Total purchases under these agreements amounted to $499.5 million, $458.5 million and $494.8 million for 2002, 2001 and 2000, respectively.

19. Litigation

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

In December 1998, these subsidiaries entered into a settlement in the amount of $4.6 million with counsel representing approximately 25,000 individuals. Of the six principal defendants in these DBCP cases, Dow Chemical Company, Shell Oil Company, Occidental Chemical Corporation and Chiquita Brands, Inc. have also settled these claims. Under the terms of the settlement, approximately 22,000 of these claimants dismissed their claims with prejudice and without payment. The 2,643 claimants who alleged employment on a company-related farm in Costa Rica and the Philippines and who demonstrated some injury were offered a share of the settlement funds upon execution of a release. Over 98% of these claimants accepted the terms of the settlement, the majority of which has been recovered from insurance carriers. The remaining claimants did not accept the settlement proceeds, and approximately $268,000 was returned to Fresh Del Monte's subsidiaries.

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

Fresh Del Monte's U.S. subsidiaries have not settled the DBCP claims of approximately 3,500 claimants represented by different counsel who filed actions in Mississippi in 1996 and Hawaii in 1997. Each of those actions was dismissed by a federal district court on grounds of *forum*

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non conveniens in favor of the courts of the plaintiffs' home countries and appealed by the plaintiffs. As a result of the dismissal of the Hawaiian actions, several Costa Rican and Guatemalan individuals have filed the same type of actions in those countries. On January 19, 2001, the Court of Appeals for the Fifth Circuit affirmed the dismissal of Fresh Del Monte's subsidiaries for *forum non conveniens* and lack of personal jurisdiction for the Mississippi actions, and on October 1, 2001, the United States Supreme Court denied plaintiffs' petition for an appeal. On May 31, 2001, the Hawaiian plaintiffs' appeal of the dismissal was granted, thereby remanding the action to the Hawaiian State court. The defendants filed a petition for an appeal to the United States Supreme Court on October 9, 2001, which was granted on June 28, 2002. On January 22, 2003, the Supreme Court heard argument on defendants' appeal. A decision is expected by July 2003.

On October 19, 2000, the Court of Appeals for the Fifth Circuit affirmed the dismissal of 23 non-settling defendants who had filed actions in the United States District Court in Houston, Texas. As a result, the 23 plaintiffs who did not accept the settlement are precluded from filing any new DBCP actions in the United States.

On June 19, 1995, a group of several thousand plaintiffs in an action entitled *Lucas Pastor Canales Martinez, et al. v. Dow Chemical Co. et al.* sued one of Fresh Del Monte's U.S. subsidiaries along with several other defendants in the District Court for the Parish of St. Charles, Louisiana, asserting claims similar to those arising in the Texas cases due to the alleged exposure to DBCP. That action was removed to the United States District Court in New Orleans and was subsequently remanded in September 1996. Fresh Del Monte's subsidiary has answered the complaint and asserted substantial defenses. Following the decision of the United States Court of Appeals for the Fifth Circuit in the Texas actions, this action was re-removed to federal court in November 2000. Fresh Del Monte's subsidiary has settled with all but 13 of the *Canales Martinez* plaintiffs. On October 25, 2001, defendants filed a motion to dismiss the action on grounds of *forum non conveniens* in favor of plaintiffs' home countries. On July 16, 2002, the district court denied that motion and the defendants have filed a motion requesting immediate review by the Court of Appeals, which was denied by the district court on August 21, 2002. On August 28, 2002, defendants filed a petition for *writ of mandamus* before the Court of Appeals with respect to the district court's denial of defendants' motion to dismiss the action on grounds of *forum non conveniens*.

On November 12, 2002, the Court of Appeals denied the petition, but stated that the district court should examine further the *forum non conveniens* issues. The district court has received additional briefing on the *forum non conveniens* issues and not issued a further ruling.

On November 15, 1999, one of Fresh Del Monte's U.S. subsidiaries was served in two actions entitled, *Godoy Rodriguez, et al. v. AMVAC Chemical Corp., et al.* and *Martinez Puerto, et al. v. AMVAC Chemical Corp., et al.*, in the 29th Judicial District Court for the Parish of St. Charles, Louisiana. These actions were removed to federal court, where they have been consolidated. These actions are brought on behalf of claimants represented by the same counsel who filed the Mississippi and Hawaii actions as well as a number of the claimants who have not accepted the settlement offer. Proceedings in these actions have been suspended pending the ultimate resolution of the *forum non conveniens* issue in the *Martinez* action. At this time, it is not known how many of the 2,962 *Godoy Rodriguez* and *Martinez Puerto* plaintiffs are claiming against Fresh Del Monte's subsidiary.

On January 8, 2001, local residents of Honolulu, Hawaii amended their complaint (the initial complaint did not include Fresh Del Monte's U.S. subsidiary as a defendant) in federal court to include one of Fresh Del Monte's subsidiaries as one of several defendants for injuries allegedly caused by consuming contaminated water. Fresh Del Monte's U.S. subsidiary has answered the complaint denying all the plaintiffs' claims and asserting substantial defenses. The depositions of the initial set of 34 plaintiffs are substantially completed and the trial is scheduled to commence on November 4, 2003.

On or about October 20, 1997, one of Fresh Del Monte's subsidiaries and Nordeste Investimentos e Participacoes S.A. ("Nordeste"), Fresh Del Monte's subsidiary partner in two joint venture companies, Interfruit Brasil S.A. ("IBSA") and International Produce Trading Ltd. ("IPTL"), agreed to submit to arbitration certain disputes that arose under joint venture agreements relating to the development of and exporting of produce from a banana plantation in Brazil. In its Request for Arbitration and Reply to Nordeste's Counterclaim, Fresh Del Monte's subsidiary asserted claims for breach of contract,

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breach of duty of loyalty, misappropriation of trade secrets and proprietary information. Fresh Del Monte's subsidiary sought injunctive relief and $43 million in damages. Nordeste asserted in its Counterclaim that Fresh Del Monte's subsidiary breached certain contractual obligations and improperly terminated the joint venture agreements and sought to recover liquidated and other damages in the amount of approximately $39.2 million. The hearing of the claims before the arbitral tribunal was conducted in October 1999. On May 10, 2000, the arbitrators issued their award requiring Fresh Del Monte's subsidiary to pay $2 million to Nordeste and that Nordeste and Fresh Del Monte's subsidiary exchange the 50% ownership they each have in the two joint venture companies (IPTL and IBSA, respectively). Fresh Del Monte accrued for the $2 million award. The May 10, 2000 award directed Fresh Del Monte's subsidiary to transfer to Nordeste all of its shares in Bananos do Brazil Ltda (''Bandebras''), which held the shares of IBSA. Unbeknownst to the arbitral tribunal, during the pendency of the arbitration, Bandebras was renamed Del Monte Fresh Produce Brasil Ltda (''DMFPB'') and to it were transferred substantial assets and operations of Fresh Del Monte in Brazil.

On June 8, 2000 the arbitral tribunal issued an Addendum to Final Award, in which the Final Award was corrected to require Fresh Del Monte's subsidiary to transfer to Nordeste the shares of IBSA and not any other company. Fresh Del Monte's subsidiary tendered payment of the $2 million and proposed to have a closing to affect the transfer of the shares of the two companies. Nordeste declined Fresh Del Monte's subsidiary's tender.

On July 24, 2001, DMFPB was served with a preliminary injunction issued by a judge of the Eighth Civil Court in Recife, Brazil, enjoining Fresh Del Monte's subsidiary from transferring the assets and ownership of DMFPB as well as requiring the provision of certain information to the court on a monthly basis regarding DMFPB's business pending the resolution of Nordeste's action seeking enforcement of the May 10, 2000 arbitral award as originally entered, and declaring the addendum to that award a nullity. On August 6, 2001, DMFPB filed an appeal with the State of Pernambuco Appellate Tribunal seeking to revoke the preliminary injunction. The appeal contained a specific request addressed to the Reporting Judge of the Appellate Tribunal for the immediate suspension of the effects of the preliminary injunction. On August 21, 2001, the Reporting Judge denied DMFPB's specific request for an immediate suspension of the preliminary injunction. On December 21, 2001, the briefs in support of the principal appeal were filed, along with a motion to transfer venue. On October 1, 2002, the court granted DMFPB's motion to transfer venue to Fortaleza, Brazil. The three judge panel of the Appellate Tribunal has yet to rule on the merits of DMFPB's principal appeal. On January 10, 2003, the parties entered into a settlement of all disputes. Under the terms of the settlement, Fresh Del Monte's subsidiary paid $2.3 million to Nordeste, representing the amount required by the Final Award plus interest in exchange for which Nordeste terminated all legal actions against Fresh Del Monte's subsidiaries wherever pending. The parties are in the process of filing the appropriate dismissal documents.

In connection with the settlement, Fresh Del Monte entered into an agreement to purchase certain agricultural assets from Nordeste and a related entity for and aggregate of $10.7 million. Fresh Del Monte's preliminary estimate of the fair value of the assets to be purchased is $8.5 million. The excess of the purchase price over the estimated fair value of the assets to be acquired has been recorded as additional settlement expense. All amounts related to the settlement expense were accrued on the accompanying consolidated balance sheet as of December 27, 2002.

On April 7, 2001, three of Fresh Del Monte's U.S. subsidiaries were served with a complaint filed by Maui Pineapple Company, Ltd. and Maui Land & Pineapple Company, Inc. (''Maui Pineapple'') in the Circuit Court of the 2nd Circuit, State of Hawaii, which was amended on May 10, 2001. The amended complaint seeks damages in excess of $1,000,000 for claims involving of breach of contract, breach of implied covenant of good faith and fair dealing, fraud/intentional misrepresentation, unjust enrichment, interference with a prospective business advantage, monopolistic trade practices, promissory estoppel, declaratory relief, injunctive relief, attorneys' fees, pre and post judgment interest and punitive damages.

Fresh Del Monte's U.S. subsidiaries filed motions to dismiss for lack of subject matter jurisdiction, *forum non conveniens* or, in the alternative, for a stay pending disposition of a related federal action, which were denied. Accordingly, Fresh Del Monte's U.S. subsidiaries answered the amended complaint denying Maui Pineapple's alleged claims.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

The parties have exchanged document discovery and several depositions have been taken. The trial is scheduled to commence in June 2003.

On April 12, 2001, Maui Pineapple filed a complaint against Fresh Del Monte and three of its U.S. subsidiaries in the United States District Court for the Northern District of California for damages and injunctive relief for trademark infringement of Maui Pineapple's Hawaiian Gold trademark, trademark dilution, Lanham Act (false advertising and false description), unfair competition, and unjust enrichment. The complaint seeks injunctive and declaratory relief, compensatory and treble damages, restitution, and, interest costs and attorneys' fees.

Two of Fresh Del Monte's U.S. subsidiaries filed an answer and affirmative defenses, and one of Fresh Del Monte's U.S. subsidiaries filed a counterclaim for willful infringement of U.S. Patent No. 8,863. Maui Pineapple answered the counterclaim and counterclaimed for declaratory judgment seeking a declaration that the patent is invalid and not infringed. Maui Pineapple also filed counts in its counterclaim against two of Fresh Del Monte's U.S. subsidiaries for conspiracy to monopolize, attempt to monopolize, monopolization, restraint of trade under Clayton Act Sec. 3, Lanham Act unfair competition, statutory unfair competition (California Unfair Practices Act), and interference with a prospective economic advantage. Fresh Del Monte's U.S. subsidiaries answered Maui Pineapple's counterclaim, denying the alleged violations.

Fresh Del Monte and one of its U.S. subsidiaries filed a motion to dismiss for lack of personal jurisdiction. In September 2001, the Court granted the motion in part by dismissing Fresh Del Monte while denying it in part by declining to dismiss Fresh Del Monte's U.S. subsidiary, which then answered the complaint. The Court also granted Maui Pineapple's motion to bifurcate the patent counterclaim from the trademark claims. Accordingly, the trademark claims and patent claims are proceeding on separate, but parallel, tracks.

In November 2002, the Court granted summary judgment in favor of Fresh Del Monte's U.S. subsidiaries on all of Maui Pineapple's claims related to the companies' use of the Del Monte Gold trademark. The remainder of Maui Pineapple's claims were confidentially settled in mediation in November 2002. The parties are in the process of preparing the appropriate settlement and dismissal documents. Fresh Del Monte accrued the appropriate amount for the settlement in its financial statements for the year ended December 27, 2002.

The patent action is proceeding more slowly. The parties have exchanged initial sets of documents, but only a few depositions have been taken. The trial of the patent case is expected to be set for sometime in 2003. Fresh Del Monte's subsidiary has moved to dismiss its patent infringement claim and will move to dismiss Maui Pineapple's claims based upon the dismissal of the patent infringement claim.

On November 13, 2002, Eastbrook Caribe A.V.V., an Aruba company, which claims to be an assignee of certain individuals and entities purporting to be former indirect shareholders of Fresh Del Monte's predecessor, filed in the Supreme Court of the State of New York (Trial Court), County of New York, but has not served, a summons with notice purporting to assert claims against Fresh Del Monte, a subsidiary of Fresh Del Monte and certain current and former directors, officers and shareholders of Fresh Del Monte and its predecessor (the "New York Summons").

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

The New York Summons and the Florida Complaint both allege that instead of proceeding with a prospective buyer who offered superior terms, the former chairman of Fresh Del Monte's predecessor and majority shareholder, agreed to sell the company's predecessor to its current majority shareholder at a below market price as the result of commercial bribes allegedly paid by Fresh Del Monte's majority shareholder and chief executive officer to Fresh Del Monte's predecessor's former chairman. On February 20, 2003, Fresh Del Monte filed a motion to dismiss the complaint. Fresh Del Monte believes that the allegations of the New York Summons and the Florida Complaint are entirely without merit.

Fresh Del Monte's subsidiaries intend to vigorously defend themselves in all of these matters. At this time, manage-

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

ment is not able to evaluate the likelihood of a favorable or unfavorable outcome in any of the above-described matters. Accordingly, management is not able to estimate the range or amount of loss, if any, on any of the above-described matters and no accruals have been recorded as of December 27, 2002, except as previously discussed related to Nordeste and Maui Pineapple actions.

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

The estimated remediation costs associated with this matter range from $5.4 million to $26.1 million, based on an updated draft of the final feasibility study submitted in October 2002. Certain portions of these estimates have been discounted using a 5% interest rate. The undiscounted estimates are between $6.9 million and $31.4 million. As a result of communications with the EPA during 2001, Fresh Del Monte recorded a charge of $15.0 million in the third quarter of 2001 to increase the recorded liability to the estimated expected future cleanup cost for the Kunia Well Site of $19.1 million. Based on conversations with the EPA during the third quarter of 2002 and consultation with Fresh Del Monte's legal counsel and other experts, Fresh Del Monte recorded a charge of $7.0 million during the third quarter of 2002 to increase the accrual for the expected future clean up costs for the Kunia Well Site. Accordingly, an accrual of $26.1 million is included in other noncurrent liabilities in the accompanying balance sheet at December 27, 2002.

In August of 2002, Fresh Del Monte's subsidiary received information that additional spills of certain chemicals and DBCP may have occurred at the plantation during the 1950s and 1960s. Fresh Del Monte's subsidiary reported this information to the EPA and submitted a plan to the EPA to investigate for potential contamination. The sampling plan was performed in October 2002. The results of the sampling plan indicated that such spills that may have occurred did not cause significant contamination and should not impact the projected remedial costs for the Kunia Well Site.

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

20. Financial Instruments and Concentration of Credit Risk

Derivative Instruments

Effective December 30, 2001, Fresh Del Monte began accounting for derivative financial instruments in accordance with SFAS No. 133, as amended. Fresh Del Monte uses derivative financial instruments primarily to reduce its exposure to adverse fluctuations in interest rates and foreign exchange rates. When entered into, Fresh Del Monte formally designates and documents the financial instrument as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the cash flows or fair value of the underlying exposures being hedged. Derivatives are recorded in the consolidated balance sheet at fair value in either "prepaid expenses and other current assets" or "accounts payable and accrued expenses," depending on whether the amount is an asset or liability. The fair values of

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

derivatives used to hedge or modify Fresh Del Monte's risks fluctuate over time. These fair value amounts should not be viewed in isolation, but rather in relation to the cash flows or fair value of the underlying hedged transactions or assets and other exposures and to the overall reduction in Fresh Del Monte's risk relating to adverse fluctuations in foreign exchange rates and interest rates. In addition, the earnings impact resulting from Fresh Del Monte's derivative instruments is recorded in the same line item within the consolidated statement of income as the underlying exposure being hedged.

Fresh Del Monte also formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the cash flows or fair value of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings. Hedge ineffectiveness was not material for the years ended December 27, 2002 and December 28, 2001.

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

Foreign Currency Management

To protect against the reduction in value of forecasted foreign currency cash flows resulting from a portion of net sales, Fresh Del Monte periodically enters into foreign currency cash flow hedges (principally euro and Japanese yen). Fresh Del Monte hedges portions of its forecasted sales denominated in foreign currencies with forward contracts, which generally expire within one year. The forward contracts are designated as dual-purpose cash flow hedges with gains and losses in the forward contract recognized in other comprehensive income or loss until the foreign currency denominated sales are recognized in earnings. Subsequent to the recognition of the sale in earnings, changes in the value of the foreign currency accounts receivable and related forward contract are recognized in "other income." Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings. Fresh Del Monte accounts for the fair value of the related forward contracts as a liability in "accounts payable and accrued expenses." Hedge ineffectiveness did not have a material impact on earnings for the years ended December 27, 2002 and December 28, 2001. As of December 27, 2002, Fresh Del Monte had several foreign currency cash flow hedges outstanding. The fair value of these hedges as of that date was a liability of $5.4 million, all of which is expected to be transferred to earnings in 2003 along with the earnings effect of the related forecasted transaction. As of December 28, 2001, Fresh Del Monte had no outstanding foreign currency cash flow hedges.

Interest Rate Management

Because Fresh Del Monte utilizes primarily variable-rate debt, the results of operations may be significantly affected by fluctuations in interest rates. To protect against fluctuations in interest rates, Fresh Del Monte entered into an interest rate swap agreement that effectively converts a portion of its $450.0 million Revolving Credit Facility debt to a fixed rate basis through January 30, 2003, thus reducing the impact of interest rate changes under the revolving credit agreement on future interest expense. The interest rate swap had a notional amount of $53.6 million and $75.0 million at December 27, 2002 and December 28, 2001, respectively. Fresh Del Monte accounts for the interest rate swap as a cash flow hedge whereby the fair value of the interest rate swap is recognized as a liability in "accounts payable and accrued expenses" with the offset, net of hedge ineffectiveness (which is not material), recorded as accumulated other comprehensive income or loss. The fair value of the interest rate swap as of December 27, 2002 and December 28, 2001 was a liability of $0.6 million and $2.8 million, respectively. Approximately $0.1 million of the liability at December 27, 2002 is expected to be transferred to earnings in 2003 along with the effect of the related forecasted transaction.

Amounts recorded in accumulated other comprehensive income or loss are amortized as an adjustment to interest expense recognized in earnings. Hedge ineffectiveness for the year ended December 27, 2002 amounted to $0.1 million. Hedge ineffectiveness had no impact on earnings for the year ended December 28, 2001.

The adoption of SFAS No. 133, as amended, on December 30, 2000 did not result in a significant cumulative

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

effect on the results of operations or financial position of Fresh Del Monte.

Fair Value of Financial Instruments

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

Cash and cash equivalents, accounts receivable, advances to growers, and accounts payable: The carrying value reported in the balance sheet for these items approximate their fair value.

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

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

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

	December 27, 2002		December 28, 2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	**$ 9.5**	**$ 9.5**	$ 13.0	$ 13.0
Trade accounts receivables	**162.4**	**162.4**	141.2	141.2
Advances to growers and other receivables	**34.7**	**34.7**	39.7	39.7
Trade accounts payable	**(111.7)**	**(111.7)**	(85.0)	(85.0)
Notes payable and long-term debt	**(62.7)**	**(62.7)**	(311.9)	(311.9)
Capital lease obligations	**(24.6)**	**(24.6)**	(21.4)	(21.4)
Forward contracts	**(5.4)**	**(5.4)**	—	—
Swap agreement	**(0.6)**	**(0.6)**	(2.8)	(2.8)

21. Related Party Transactions

Through December 31, 2002, Fresh Del Monte's products were distributed in Northern Europe by Interfrucht, an unconsolidated subsidiary (see Note 3). Receivables from Interfrucht, included in accounts receivable, were $2.8 million and $4.3 million at December 27, 2002 and December 28, 2001, respectively. Sales to this distributor amounted to $81.9 million, $79.5 million and $85.8 million for 2002, 2001 and 2000, respectively.

Sales to Ahmed Abu-Ghazaleh & Sons Company, a related party through common ownership, were $21.1 million, $15.8 million and $17.3 million in 2002, 2001 and 2000, respectively. At December 27, 2002 and December 28, 2001 there were $2.2 million and $1.7 million, respectively, of receivables from this related party, which are included in trade accounts receivable.

Fresh Del Monte purchases goods and services from unconsolidated subsidiaries in the ordinary course of business. These transactions were conducted at arms-length (see Note 5).

Fresh Del Monte periodically charters air service from Av Jet Corporation, which leases an aircraft from a company indirectly owned by the chief executive officer of Fresh Del Monte. In 2002, Fresh Del Monte paid $0.8 million to Av Jet Corporation for private air transportation services related to company activities. The rates charged by Av Jet Corporation for use of the plane were comparable with the market rates charged to other unrelated companies for use of a similar aircraft.

In February 2002, we acquired an additional 5% of the outstanding common stock in National Poultry from an individual related to a member of the Abu-Ghazaleh family. The total consideration paid to this individual was $2.4 million (see Note 3).

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

22. Unaudited Quarterly Financial Information

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

	Quarter Ended			
	March 29, 2002(a)	**June 28, 2002**	**Sept. 27, 2002**	**December 27, 2002**
Net sales	**$537.4**	**$567.2**	**$498.5**	**$487.4**
Gross profit	**106.6**	**97.0**	**67.9**	**65.2**
Income before cumulative effect of change in accounting principle	**67.1**	**66.5**	**32.5**	**35.2**
Net income	**61.0**	**66.5**	**32.5**	**35.2**
Income before cumulative effect of change in accounting principle per share — basic(b)	**$ 1.24**	**$ 1.20**	**$ 0.58**	**$ 0.63**
Net income per share — basic(b)	**$ 1.12**	**$ 1.20**	**$ 0.58**	**$ 0.63**
Income before cumulative effect of change in accounting principle per share — diluted(b)	**$ 1.21**	**$ 1.18**	**$ 0.57**	**$ 0.62**
Net income per share — diluted(b)	**$ 1.10**	**$ 1.18**	**$ 0.57**	**$ 0.62**

	Quarter Ended			
	March 30, 2001	June 29, 2001	Sept. 28, 2001	December 28, 2001
Net sales	$534.3	$541.0	$430.7	$422.0
Gross profit	84.0	82.7	64.6	51.6
Net income	41.1	41.5	8.3	5.3
Net income per share — basic(b)	$ 0.76	$ 0.77	$ 0.15	$ 0.10
Net income per share — diluted(b)	$ 0.76	$ 0.77	$ 0.15	$ 0.10

(a) The quarter ended March 29, 2002 has been restated to reflect the $6.1 million cumulative effect of change in accounting principle related to the adoption of SFAS No. 142. Reported net income, net income per basic share and net income per diluted share was $67.1 million, $1.24 and $1.21, respectively.

(b) Basic and diluted earnings per share for each of the quarters presented above is based on the respective weighted average number of shares for the quarters. The sum of the quarters may not necessarily be equal to the full year basic and diluted earnings per share amounts due to the effects of rounding.

23. Business Segment Data

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

Through December 27, 2002, Fresh Del Monte's operations have been aggregated on the basis of its products; bananas, other fresh produce and non-produce. Other fresh produce includes pineapples, melons, grapes, non-tropical fruit (including citrus, apples, pears, peaches, plums, nectarines, apricots and kiwi), fresh-cut produce and other fruit and vegetables. Non-produce includes a third-party ocean freight container business, a plastic product and box manufacturing business, a poultry business and a grain business.

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

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

	Year Ended					
	December 27, 2002		December 28, 2001		December 29, 2000	
	Net Sales	**Gross Profit**	Net Sales	Gross Profit	Net Sales	Gross Profit (Loss)
Bananas	**$ 957.0**	**$ 79.9**	$ 894.2	$ 70.4	$ 921.0	$ 6.3
Other fresh produce	**1,030.5**	**252.8**	928.6	209.4	838.9	162.1
Non-produce	**103.0**	**4.0**	105.2	3.1	99.4	(1.5)
Total	**$2,090.5**	**$336.7**	$1,928.0	$282.9	$1,859.3	$166.9

	Year Ended		
	December 27, 2002	December 28, 2001	December 29, 2000
Net Sales by Geographic Region:			
North America	**$1,050.9**	$ 995.6	$ 922.2
Europe	**639.3**	550.4	572.7
Asia-Pacific	**348.2**	328.5	324.5
Other	**52.1**	53.5	39.9
Total net sales	**$2,090.5**	$1,928.0	$1,859.3

	December 27, 2002	December 28, 2001
Property, Plant and Equipment:		
North America	**$ 74.6**	$ 65.2
Europe	**76.6**	41.9
Asia-Pacific	**6.2**	3.4
Central and South America	**352.7**	368.9
Maritime equipment (including	**159.7**	148.0
containers) Corporate	**34.1**	30.7
Total property, plant and equipment	**$703.9**	$658.1

Notes to Consolidated Financial Statements — (Continued)

Fresh Del Monte Produce Inc. and Subsidiaries

	December 27, 2002	December 28, 2001
Identifiable assets:		
North America	$ 226.4	$ 223.5
Europe	234.4	184.5
Asia-Pacific	55.3	44.1
Central and South America	475.0	508.5
Maritime equipment(including containers)	159.7	148.0
Corporate	112.0	110.6
Total assets	$1,262.8	$1,219.2

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

During 2002, Fresh Del Monte had three principal sales agreements for the distribution of its fresh produce, which principally cover sales in the European and Japanese markets. Sales made through these agreements approximated 14%, 15% and 17% of total net sales for 2002, 2001 and 2000, respectively. One of these agreements, with a European distributor, was discontinued as of December 31, 2002 (see Note 3).

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

24. Subsequent Events

On January 8, 2003, Fresh Del Monte announced that its Board of Directors declared the regular quarterly cash dividend of $0.05 per share payable on March 5, 2003 to shareholders of record as of February 10, 2003. Pursuant to provisions of the Revolving Credit Facility, Fresh Del Monte may declare and pay dividends and distributions in cash solely out of and up to 50% of Fresh Del Monte's net income for the year immediately preceding the year in which the dividend or distribution is paid.

On January 27, 2003, Fresh Del Monte acquired Standard Fruit and Vegetable Co., Inc., a Dallas, Texas based integrated distributor of fresh fruit and vegetables, which services retail chains, foodservice distributors, and other wholesalers in approximately 30 states. As a result of the acquisition, Fresh Del Monte added tomatoes, potatoes and other onions to its product offering. The total acquisition cost of $100.0 million was financed primarily by a drawdown on the Revolving Credit Facility. The acquisition will be accounted for as a purchase of a business in accordance with SFAS No. 141. Fresh Del Monte is currently in the process of allocating the purchase price pending the fair valuation of certain assets and liabilities.

On February 12, 2003, Fresh Del Monte's Board of Directors increased the regular quarterly cash dividend from $0.05 per share to $0.10 per share payable on June 4, 2003 to shareholders of record as of May 12, 2003.

Report of Independent Certified Public Accountants

Fresh Del Monte Produce Inc. and Subsidiaries

Board of Directors and Shareholders
Fresh Del Monte Produce Inc.

We have audited the accompanying consolidated balance sheets of Fresh Del Monte Produce Inc. and subsidiaries as of December 27, 2002 and December 28, 2001, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 27, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fresh Del Monte Produce Inc. and subsidiaries at December 27, 2002 and December 28, 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 27, 2002, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 7 to the consolidated financial statements, the Company changed its method of accounting for goodwill and other intangible assets to conform to Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets."

Ernst + Young LLP

Miami, Florida
February 10, 2003, except for the third paragraph
of Note 24, as to which the date is February 12, 2003

Ordinary Share Prices and Related Matters

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

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

	High	Low
Five Most Recent Financial Years		
Year ended January 1, 1999	$23.63	$10.50
Year ended December 31, 1999	21.00	6.31
Year ended December 29, 2000	9.94	3.38
Year ended December 28, 2001	15.95	4.56
Year ended December 27, 2002	29.20	13.70
2001		
First quarter	8.89	4.56
Second quarter	11.08	5.75
Third quarter	15.95	10.10
Fourth quarter	15.14	11.69
2002		
First quarter	19.60	13.70
Second quarter	28.79	19.24
Third quarter	28.49	20.14
Fourth quarter	29.20	18.75
Most Recent Six Months		
September 2002	27.15	22.89
October 2002	26.75	23.98
November 2002	29.20	22.10
December 2002	22.16	18.75
January 2003	20.24	17.17
February 2003	21.25	18.96

As of December 27, 2002, there were 56,206,012 ordinary shares outstanding. As of February 12, 2003, we believe that holders in the United States held approximately 43% of the outstanding ordinary shares.

Shareholder Information

STOCK INFORMATION

New York Stock Exchange
Symbol: FDP

DIVIDEND INFORMATION

On February 12, 2003, the Company's board of directors increased the regular quarterly dividend from $0.05 to $0.10 per share to shareholders of record as of May 12, 2003. The Company pays a regular quarterly dividend.

SHAREHOLDER OF RECORD

As of December 27, 2002, there were 56,206,012 ordinary shares outstanding. We believe that approximately 43 percent of the outstanding ordinary shares are held by shareholders in the United States.

FORWARD-LOOKING INFORMATION

Our Annual Report may discuss future performance of the Company. Comments about expectations, plans and prospects constitute forward-looking statements for purposes of the Safe Harbor provisions of the Private Securities Litigation Reform Act. Actual results may differ materially from those contemplated in any forward-looking statements, and the Company undertakes no obligation to update any such statements. Risk factors are identified in the Company's December 27, 2002 Form 20-F on file at the Securities and Exchange Commission.

CORPORATE AND SHAREHOLDER INFORMATION

Corporate and shareholder information and a copy of the Company's Annual Report on Form 20-F, as filed with the Securities and Exchange Commission, may be obtained free of charge by contacting Christine Cannella, Director of Investor Relations and Corporate Communications, at Fresh Del Monte Produce Inc., U.S. Executive Offices, c/o Del Monte Fresh Produce Company, P.O. Box 149222, Coral Gables, FL 33114, 305-520-8400 or by visiting the Company's Web site at www.freshdelmonte.com

TRANSFER AGENT AND REGISTRAR

Mellon Investor Services LLC
85 Challenger Road
Overpeck Center
Richfield Park, NJ 07660
800-851-9677

AUDITORS

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

ANNUAL MEETING

April 30, 2003, at 11:30 a.m.
Hyatt Regency Coral Gables
50 Alhambra Plaza
Coral Gables, FL 33134

EXECUTIVE OFFICERS

Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

Hani El-Naffy
President and Chief Operating Officer

John F. Inserra
Executive Vice President and Chief Financial Officer

M. Bryce Edmonson
Senior Vice President – North America Sales and Product Management

Jean-Pierre Bartoli
Senior Vice President – Europe and Africa

Randolph Breschini
Vice President – Asia-Pacific

José Antonio Yock
Senior Vice President – Central America

Jose Luis Bendicho
Vice President – South America

Sergio Mancilla
Senior Vice President – Shipping Operations

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

Bruce A. Jordan
Vice President – General Counsel and Secretary

Marissa R. Tenazas
Vice President – Human Resources

Antolin D. Saiz
Vice President – Internal Audit

DIRECTORS

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

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

Amir Abu-Ghazaleh
General Manager
Abu-Ghazaleh International Company

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

Salvatore H. Alfiero (2)(3)
Founder, Chairman and Chief Executive Officer
Protective Industries, LLC

Edward L. Boykin (1)(3)
Consultant and Former Partner, Deloitte & Touche LLP

John H. Dalton (1)
President and Director
IPG Photonics Corporation

Kathryn E. Falberg (1)(2)
Consultant, Former Chief Financial Officer at Amgen and a current board member at VISX

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

Fresh Del Monte Produce Inc.

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