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Dole Food Hldr: Board Should Seek Bid Above $35 A Share

DOW JONES NEWSWIRES

WASHINGTON -- A shareholder that already has spoken out against a buyout offer by Dole Food Co.'s (DOL) chairman said the board should be seeking a bid "substantially higher" than $35 a share.

Atlantic Investment, which has a 6% stake, cited a higher valuation it calculated based on the firm's third-quarter earnings, according to a regulatory filing Friday.

Atlantic Investment reiterated its view that Dole Food will be more valuable to shareholders as a public entity and proposed an alternative strategy if the board committee can't negotiate an offer of more than $35 a share.

Dole Food Co. (DOL) rejected an offer from Chairman David Murdock to acquire the 76% of the fruit and vegetables company he doesn't own for $29.50 a share.

Shares of Dole Food recently traded around $28.97, down 12 cents.

On Thursday, Dole reported third-quarter net income of to $14.7 million, or 26 cents a share, in the quarter ended Oct. 5, compared with a net loss of $94.8 million, or $1.70 a share, a year ago.

In a letter dated Thursday, Atlantic Investment President Alexander **Roepers** said that unless the special committee obtains a higher offer during the next week, it should cancel the "auction" process and implement a $400 million stock repurchase plan, as well as an investor relations effort.

Using pro forma 2003 earnings per share of $3.90, including an 84 cents benefit from the proposed stock buyback and an achievable price-to-earnings ratio of 12-15 times, Dole shares could trade between $47 and $58 a share in 12 to 18 months, **Roepers** said.

(Corrected 01:08 PM)

Despite Dole Food's "remarkable" third quarter earnings, **Roepers** said the company could have reported third quarter operating earnings of 45 cents a share, versus the reported 24 cents, were it not for dilution from a notes offering and an "unacceptable" disclosure about an expense item, he said in the letter.

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Roepers criticized the company for failing to disclose in its press release that a $10.2 million increase in a legal reserve was recorded as a recurring corporate expense item, resulting in lower earnings from operations.

Dole's "real" earnings per share from operations was at least 38 cents, taking into account its view of the $10.2 million item, **Roepers** said.

In addition, the negative dilution of a $400 million notes deal is running at 7 cents a share each quarter, which would have made Dole's third quarter EPS 45 cents, he said.

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Dole Food Co. (DOL) rejected an offer from Chairman David Murdock to acquire the 76% of the fruit and vegetables company he doesn't own for $29.50 a share.

(A story published at 11:52 a.m. EST incorrectly said the board is still evaluating the offer.)

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