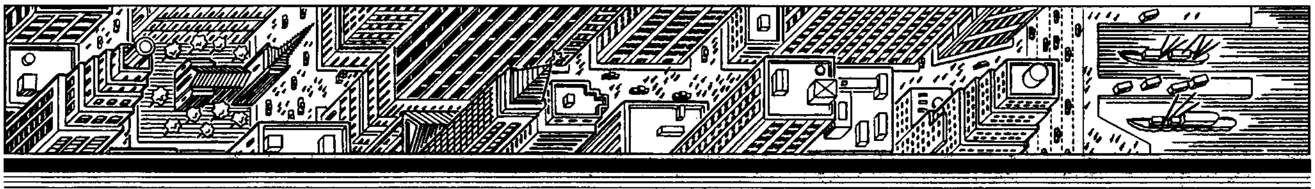
Reprinted from BARRON'S

October 21, 2002



Rodica Prato for Barron's

UP & DOWN WALL STREET

Whew!

BY ALAN ABELSON

(the following has been excerpted:)

▶ALEXANDER ROEPERS IS A DIFFERENT kind of money manager. For one thing, he consistently outperforms the averages (since its launching in the early 'Nineties, one of his two major funds—run under the Atlantic Investment Management aegis—has appreciated 27%, the other, nearly 30% annually). For another, Alex is not an armchair investor: He believes in actively persuading the companies he invests in—hopefully by peaceable means, but if not, well, whatever it takes—to do the right thing for shareholders.

Alex and his exploits have enlivened this space a couple of times in the past few years, and what occasions his appearance yet again is a dust-up with David Murdock, the top banana at Dole Foods, and a renowned wheeler-dealer. Mr. Murdock, who owns the biggest single chunk of Dole, 24%, has decided he'd like to own it all and, toward that end, has offered to buy everyone else's stock for $29.50 a share, or $1.2 billion (plus assumption of over a billion bucks in Dole's debt).

As it happens, Alex owns 6% of Dole's 56 million-odd shares outstanding and he grouses that the bid is pitifully low. Nor is he alone in this view. Hardly had the offer been disclosed than shareholders were hurrying to the courthouse to file suit echoing Alex's complaint.

Mr. Murdock, obviously shocked that anyone would suspect he was seeking to take advantage, pointed out that he offered a 20% premium to the market price (the stock ran up over 30 on the announcement, but has settled back to around 28). Under his guidance, he further righteously exclaimed, Dole has strenuously and tirelessly sought to lift the price of its shares, even going so far as to raise its dividend (if you can imagine such a rash step in this day and age). Alas, all without success!

Alex doesn't buy either the bid or the explanation for the desultory action of Dole's stock. And he has laid out his objections in a letter to the special committee, made up of the company's outside directors, formed to weigh the offer.

Not the least of his beefs is that, contrary to Mr. Murdock's assertions, the latter has been desultory rather than energetic in, to use that grand old cliche, enhancing shareholder value. Alex also observes that Dole has steadily increased its higher-margined packaged sales and vegetable line, while lessening its dependence on commodity operations.

Investmentwise, what Dole has suffered most from, Alex contends, is the "Murdock discount," which he defines as "the lasting impression in the equity marketplace that Dole is largely managed as a quasi-private company by Murdock."

If the bid is as generous as Murdock implies, he argues, it should be one Mr. Murdock himself could not refuse. So why doesn't the board offer to buy out Murdock's 24% stake at $29.50 a share? That would leave the other shareholders free to enjoy the benefits of owning a company with a strong operating management, growing earnings ($2.75 a share this year, $3 next); selling at a stingy private market valuation: 5.6 times Ebitda, and, scarcely less important, no longer encumbered with the "Murdock discount."

Alex reckons that the stock is worth $40-$50 a share (if not exactly a disinterested estimate, it's not blue sky, either). But, he sighs, as a pragmatist, he'd likely take $35.

Interestingly, Deutsche Bank, which is handling the financing of the offer, issued a research report back in September recommending the stock, then a hair under $27, with a target price of $36. And it added that, by one of its measures, $41 would be "reasonable." ■