





EASY RECIPE ON BACK



MADE WITH

Fresh Cut

♦ Blue Lake ♦

CUT GREEN BEANS



NET WT. 14.25 OZ.



Food

Facts

Figures

Trends

Statistics

Innovation

Taste

Del Monte

Foods

Company

2001

Annual

Report





3









8 10

Our products are enjoyed in

out of

American homes

5





99.5%







100

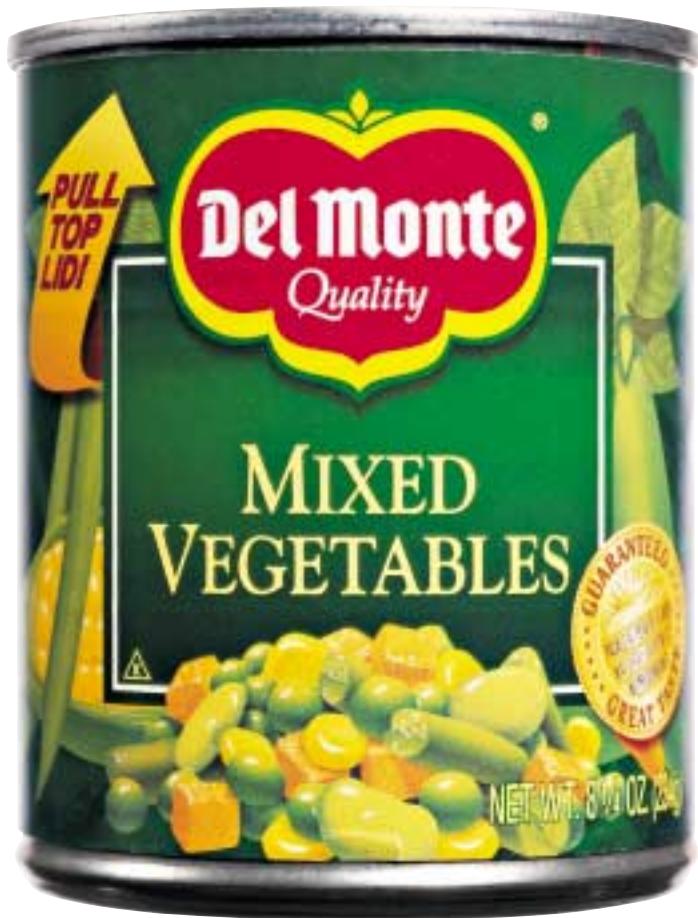








\$375 million



R&D







90%









Go

Del Monte Lite Apricot Halves Unpeeled Almond Flavored Apricot Halves Apricot Halves Unpeeled in Heavy Syrup Pitted Dark Sweet Cherries in Heavy Syrup Chunky Mixed Fruits in Heavy Syrup Lite Chunky Mixed Fruits Fruit Naturals Chunky Mixed Fruits in Fruit Juices Melba Yellow Cling Peach Halves in Heavy Syrup Fruit Naturals Sliced Yellow Cling Peaches in Pear and Peach Juices Raspberry Flavored Sliced Peaches Sliced Spiced Peaches in Light Syrup Sweet Cinnamon Sliced Yellow Freestone Peaches in Heavy Syrup Lite Sliced Yellow Freestone Peaches Bartlett Pear Halves in Heavy Syrup Lite Bartlett Pear Halves Fruit Naturals Pears Ginger Flavored Pear Halves Cinnamon Flavored Pear Halves Crushed Pineapple in Heavy Syrup Crushed Pineapple in its Own Juice Pineapple Tidbits Pineapple Spears in its Own Juice Pineapple Wedges in its Own Juice Tropical Fruit Salad in Light Syrup Tropical Fruit Salad in Pineapple and Passion Fruit Syrup Fruit in Light Syrup Orchard Select Sliced Cling Peaches in 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350

products and growing

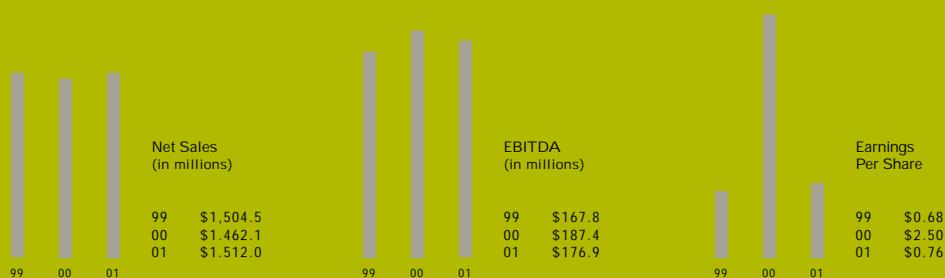
Financial Highlights

(In millions, except share data)	Year Ended June 30, 1999	Year Ended June 30, 2000	Year Ended June 30, 2001	'00 vs. '01 % Change
Net sales	\$1,504.5	\$1,462.1	\$1,512.0	3.4%
Operating income	112.8	146.5	126.5	(13.7%)
Income before extraordinary item ⁽¹⁾	32.7	133.0	40.0	(69.9%)
Earnings per share ^{(1) (2)}	0.68	2.50	0.76	(69.6%)
Adjusted EBITDA ⁽³⁾	167.8	187.4	176.9	(5.6%)

(1) Fiscal 2000 includes a credit to income tax expense of \$67.7, or \$1.27 per common share.

(2) Fully diluted earnings per share before extraordinary item.

(3) Adjusted EBITDA represents EBITDA (income before interest, provision for income taxes and depreciation/amortization) before special charges and other one-time and non-cash charges.



To Our Fellow Shareholders: Fiscal 2001 was both a challenging and rewarding year for Del Monte. Our *Del Monte* brand continued to enjoy the number-one market share in each of our three multi-billion-dollar categories of vegetables, tomatoes, and fruits. Additionally, we are pleased with the major steps taken during the year, consistent with our well-established strategy, to build long-term value for our company. Despite these positives, our earnings fell below the prior year due mainly to reduced revenues in our retail markets as our grocery customers launched an industry-wide initiative to trim their inventory from historical operating levels. Consequently, while consumers continued to purchase our products off grocery shelves at an ongoing pace that maintained our share leadership, retailers supplied some of these sales from their own inventory, resulting in reduced orders to Del Monte. We believe this “de-inventorying” process is largely behind us; and going forward, we anticipate a more normal matching of consumer purchases with Del Monte shipments and revenues. Finally, the past year was particularly rewarding as we acquired and integrated the *S&W* and *SunFresh* lines, which will increase our branded retail business. Consistent with our strategy to build our center store and value-added produce markets, these new branded businesses will benefit from ongoing synergies as we leverage our selling, distribution, and operating infrastructure.

➔ **The Numbers** For the year ended June 30, 2001, we reported net sales of \$1,512.0 million, up three percent from \$1,462.1 million in the previous year. Income, before extraordinary item, for the year was \$40.0 million compared to \$133.0 million in the previous year. Income, before

extraordinary item, for fiscal 2000 included a tax credit of \$67.7 million related to the release of the majority of our valuation allowance. Diluted earnings per share, before extraordinary item, for fiscal 2001 was \$0.76 compared to \$2.50 in the previous year.

Earnings per share for fiscal 2001 as adjusted was \$0.95. This compares with \$1.01, as adjusted in fiscal 2000. As adjusted results for 2001 excludes expenses related to the company's debt refinancing, special charges related to plant consolidations, other non-recurring items, and uses a 28.2 percent effective income tax rate. As adjusted results for 2000 excludes the tax credit, special charges related to plant consolidation, other non-recurring items and uses a 39.0 percent effective income tax rate.

➔ **A Year of Challenges and Successes** During fiscal 2001, we continued our progress toward our company's strategic objectives; however, our financial performance fell below that of the prior year because of higher energy costs, other operating expenses and the ramifications of trade de-inventorying. This past year, we faced the compound effect of reduced volume on our business – largely as the result of the retail trade working down its inventories. De-inventorying both reduced our sales volumes from retail grocers, and increased our own inventory levels and costs. Our competitors also experienced this de-inventorying pressure – particularly in the vegetable business. To reduce their inventory, they responded by fielding very aggressive promotions during our fourth quarter; and the industry overall responded by reducing acres to be planted in this summer's

crop. We anticipate that the retail industry will continue to diminish its operating inventories; however, we believe that the major impact of this inventory reduction on our revenues is largely behind us.

Over the past year we continued to successfully build Del Monte's branded business base with our two important constituencies: retail customers and consumers. In both areas, we sustained our strong market performance, as evidenced by ongoing healthy shares and consumption levels.

Regarding our retail customers, as the retail industry consolidates and customers seek to improve the effectiveness of the retail environment, they increasingly turn to the marketshare leader to improve the vitality of each market segment within their stores. Correspondingly, our partnerships with retailers continue to build reflecting our category strength, as well as our consumer and product expertise, all of which contribute to the building of our mutual businesses.

The consumer remains the key driver of our business as we build our company through a commitment to marketing quality products that provide solutions for great meals – at home and on the go. Providing great-tasting, wholesome, and convenient food is the bedrock of our company's ongoing strength. This past year, through the *"Hey, I Can Do That!"* marketing campaign, we successfully highlighted the many products of our traditional fruit, vegetable, and tomato businesses as key ingredients of easy meal preparation for everyone – from single-person households to entire families.

To meet the active lifestyle demands of today's consumer on the go, we also have grown our snacking business with the introduction of our *Fruit To-Go* single serve plastic cups.

In addition, we have expanded our fruit product offerings through the acquisition of the *SunFresh* citrus and tropical fruit lines. These items are sold in both the canned and value added produce sections of the store, thereby adding to our *Orchard Select* glass packaged presence in produce. Importantly, in the last half of the year, we acquired the *S&W* business, which not only expands our line with an array of healthy bean products, but also further strengthens our center store brand position, particularly in the West where *S&W* enjoys very strong brand share.

➔ **Strategic Momentum** We have continued to refine and adjust our focused growth strategy and now have four key platforms for growth. These platforms reflect a shift in our focus to drive top line growth and to dedicate resources toward targeted market segments in order to better continue the momentum of our present product-based strategy. Additionally, we will continue our focus on cost savings and acquisitions. These platforms are:

1. Grow Strategic Core Businesses/Optimize Traditional Business Base We are dedicating resources to those core segments of our traditional business that offer ongoing profitable growth, and we remain committed to being the branded leader in each of our core market segments. These strategic segments, which include businesses such as cut tomatoes, retail vegetables and multi-serve fruits, have been the foundation of Del Monte's top- and bottom-line

performance, and we are allocating our resources to maximize future potential. Our marketing efforts in these strategic core segments will emphasize our products as premium branded, high quality, wholesome, and convenient contributors to family meals; and thanks to our strong presence in the center-of-store aisles, they will also drive growth for our retail customer. The acquisition of *S&W* supports this strategy as it is a premium branded, high-quality product line, which expands our offerings in the traditional center store business, while leveraging our operating infrastructure. Those non-strategic segments of our traditional business will be maintained at current levels.

2. Expand in Targeted Growth Markets – Healthy Snacking & Value-Added Produce We will dedicate resources and continue to develop the market segments of healthy snacking and value added produce, which have experienced higher growth rates than our traditional segments. The healthy snacking segment is a \$2 billion category that consists of wholesome single-serve diced fruit snacks, applesauce cups, snack bars, and other such items. As indicated in last year's annual report, this expansion opportunity takes advantage of new plastic packaging forms. Also, with our introduction of two additional *Fruit To-Go* line extensions, we further expanded the convenient portable snacking products we market in our plastic cup snack line – truly meeting the consumers' need for meals on the go.

Value added produce is another area of focus, serving a rapidly growing, \$3 billion category that includes items such as packaged salads, value-added vegetables, pre-cut fruit, and fruit in glass. We already have a strong presence in the

coveted produce section with our *Orchard Select* line, which offers consumers the quality and convenience of fruit in glass jars with picked-at-peak ripeness and “close to fresh” characteristics. Our acquisition of the *SunFresh* brand will bolster the *Orchard Select* line. *SunFresh* effectively doubles the size of Del Monte’s packed-in-glass specialty products with citrus and tropical fruit lines that offers premium quality fruit. Finally, the *SunFresh* line also addresses a new mealtime for us – breakfast.

3. Low-Cost Producer/Most Efficient Competitor Our third platform to achieve superior financial performance is based on continuing our successful commitment to drive costs out of our business. We are dedicated to maintaining and improving on our standing as the lowest-cost, most efficient competitor in our categories. We have a special task force reviewing our supply chain functions – from the field to the consumer – and strong cost discipline will continue to be an essential part of Del Monte’s way of doing business.

4. Focused Acquisitions Acquisitions comprise the fourth platform of our strategy to drive top line growth and synergies for the bottom line. As evidenced by our past purchases of *Contadina*, *SunFresh*, and *S&W*, we will continue to take a disciplined approach to acquiring branded businesses in the future, so that they leverage our sales, marketing, production and distribution infrastructure and make both strategic and financial sense.

➔ **Looking Forward** In the coming year, our company will continue to diligently pursue our strategic objectives. We will increase our marketing investment against our existing

products to improve brand awareness and to leverage our number-one share position. We also will continue to develop and introduce new products, which will grow our traditional business and expand our presence in the snacking and packaged produce markets. We intend for these efforts to strengthen our brand competitive advantage for those targeted market segments that offer growth and provide a very exciting base for growth and improved earnings in the coming years. To further support the long-term health of our company, we also intend to reduce our debt, in part by our planned inventory reduction, which we anticipate will further help generate a strong cash flow in the coming year.

Finally, I express my thanks and appreciation to Del Monte's hard-working and dedicated employees, for it is their year-round efforts that make us successful and earn the support of our many trade customers, consumers, and shareholders. I look forward to reporting on our results in the year ahead. In the meantime, I invite you to stay in touch with Del Monte's progress by visiting our Web site: www.delmonte.com.



A handwritten signature in black ink, appearing to read 'R. G. Wolford', written in a cursive style.

Richard G. Wolford
Chairman of the Board,
President and Chief Executive Officer

DIRECTORS

Richard G. Wolford
Chairman of the Board,
President & Chief Executive Officer,
Director

Wesley J. Smith
Chief Operating Officer,
Director

Richard W. Boyce
Director

Timothy G. Bruer
Director

Al Carey
Director

Patrick Foley
Director

Brian E. Haycox
Director

Denise M. O'Leary
Director

William S. Price, III
Director

Jeffrey A. Shaw
Director

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President & Chief Executive Officer

Wesley J. Smith
Chief Operating Officer

David L. Meyers
Executive Vice President,
Administration and
Chief Financial Officer

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Senior Vice President,
Eastern Region

Richard L. French
Senior Vice President,
Chief Accounting Officer
and Controller

Thomas E. Gibbons
Senior Vice President and
Treasurer

Marc D. Haberman
Senior Vice President, Marketing

Irvin R. Holmes
Senior Vice President,
Customer Marketing and
Sales Development

Robert P. Magrann
Senior Vice President, Sales

William J. Spain
Senior Vice President and
Chief Corporate Affairs Officer

David L. Withycombe
Senior Vice President,
Western Region



CORPORATE HEADQUARTERS

Del Monte Foods Company
One Market @The Landmark
San Francisco, CA 94105
415.247.3000
<http://www.delmonte.com>

MAILING ADDRESS

Del Monte Foods Company
P.O. Box 193575
San Francisco, CA 94119-3575

ANNUAL MEETING

The annual meeting of shareholders is
Thursday, November 15, 2001, at 2:00pm
The Fairmont Hotel
950 Mason Street
San Francisco, CA 94108

FORM 10-K

The Company files an Annual Report with the
Securities and Exchange Commission on Form 10-K.
Information regarding this report may be obtained
by contacting:
Investor Relations
Del Monte Foods Company
P.O. Box 193575
San Francisco, CA 94119-3575
415.247.3382

TRANSFER AGENT & REGISTRAR

The Bank of New York
Shareholder Relations Department-11E
P.O. Box 11258
Church Street Station
New York, NY 10286
800.524.4458
e-mail: Shareowner-svcs@bankofny.com
<http://www.stockbny.com>

MARKET PRICE AND DISTRIBUTION

Del Monte's common stock is traded on the New
York Stock Exchange and the Pacific Exchange
under the symbol DLM. The common stock was first
traded on the NYSE on February 5, 1999. As of July
31, 2001, there were approximately 340 holders of
record of Del Monte's common stock. The following
table sets forth the high and low closing prices
by quarter for the fiscal years ended June 30, 2001
and 2000:

	High	Low
2001		
First Quarter	\$ 7.56	\$ 5.75
Second Quarter	8.44	5.69
Third Quarter	11.50	7.25
Fourth Quarter	9.00	7.95
2000		
First Quarter	16.88	13.50
Second Quarter	14.63	9.31
Third Quarter	12.63	8.44
Fourth Quarter	10.69	6.81

Del Monte has not paid any cash dividends since
the public offering on February 5, 1999. The terms
of Del Monte's debt limit the ability of Del Monte's
subsidiaries to distribute cash or other assets,
which could affect Del Monte's ability to pay
dividends or make other distributions on its
common stock.

INDEPENDENT AUDITORS

KPMG LLP
Three Embarcadero Center
San Francisco, CA 94111

TRADEMARKS

*Del Monte,[®] Contadina,[®] S&W,[®] and SunFresh[®]
are our principal registered trademarks. Our other
trademarks include Fruit Cup,[®] Fruit To-Go,[™]
Fruit Naturals,[®] Orchard Select,[®] FruitRageous,[®]
Fruit Pleasures[®] and Del Monte Lite.[®]*

Del Monte Foods Company (NYSE: DLM) is the largest producer and distributor of premium quality, branded processed fruit, vegetable, and tomato products in the United States. Our principal brands include *Del Monte*, *Contadina*, *S&W* and *SunFresh*. We're the number one brand in each of our major businesses, with a strong presence in all channels of trade. In the U.S., the Company employs 2,700 full time employees and approximately 11,000 additional seasonal workers in 12 production facilities in California, the Midwest, Washington, Texas, and in seven strategically located distribution centers. The Company has operations in Venezuela and owns *Del Monte* brand marketing rights in South America. Visit us on our Web site at: www.delmonte.com



