



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

Dear Fellow Stockholders:

Our mission at Del Monte Foods is to become a premier consumer packaged food company with all the capabilities it requires: powerful brands, great products, and an ongoing stream of product innovations that resonate with consumers; strong marketing and sales relationships with retail customers; and an efficient and effective infrastructure to get products from the field and into the shopping carts of consumers. Critically, core to our mission is to drive increased stockholder value.

In 2008, we delivered strong progress against many of these goals. Importantly, from both marketing and operational perspectives, the progress realized during the year is key for future growth. From the financial perspective, we grew revenues substantially during fiscal 2008, generating more than \$3.7 billion for the year, up 9.4% over fiscal 2007. However, during this past year, we also faced significant challenges as our input cost environment continued to increase at an accelerated rate. This cost environment created pressure on our margins despite the fact that we took aggressive actions on the pricing and productivity fronts to help mitigate the effects of dramatically rising prices for raw products, commodities and energy. Net income for the year totaled \$133.1 million, or \$0.66 per share.

Turning to cash flow, fiscal 2008 reflected another year of strong performance. Del Monte Foods generated in excess of \$200 million in cash flow (cash from operations less cash from investing) in fiscal 2008, improving our financial flexibility. We put that cash to work in three ways: paying down debt, buying back \$50 million of shares, and paying quarterly dividends to stockholders.

Leveraging Our Platform

I am particularly proud of our revenue performance in fiscal 2008. We continued to introduce innovative new products; in fact, dollar sales attributable to new products set record levels in 2008. Significantly, we were also able to increase overall sales volumes throughout the portfolio by effective execution of both marketing and promotional programs. Finally, our topline also reflected aggressive pricing actions that we took to combat the cost pressures mentioned above.

I believe our revenue performance in 2008 suggests we are winning in the marketplace. It also reflects three underlying strengths of Del Monte Foods:

Brand Strength: We continue to believe that the strength of our Company is directly connected to the strength of our brands, and we have some of the best known and most trusted brands in the consumer packaged food industry. Brand strength supports the innovation process, giving new products instant credibility. As well, in 2008, the effective leveraging of the power of our brands was a key driver, enabling us to grow overall volume, increase market share, and execute successful pricing actions.

Brand-based Innovation: We take a lot of pride in our ability to create innovative new products. At Del Monte Foods, innovation begins with product platforms that address key consumer needs. Supported by the

strength of our brands and our relationships with retailers, these platforms enable us to create and launch new products that add value to consumers in terms of health, convenience, and portability.

A good example of successful innovation is our line of *Del Monte Fruit Naturals* packaged produce. These individual servings of ready-to-eat fruit are picked at the peak of ripeness, packaged in convenient plastic cups, and sold in the produce section of the supermarket; they represent a great growth platform for Del Monte Foods. In 2008, we introduced three new flavors: Hawaiian Medley, Apples & Oranges, and No Sugar Added Peaches.

Innovation is also fundamental to success in our growing pet foods and snacks business. Recent innovations include *9Lives Daily Essentials*, a dry cat food made from real meat and fish and loaded with important nutrients, and *Nature's Recipe Farm Stand Selects*, a premium dry dog food made with real fruit, vegetables, turkey, and hearty grains.

Execution: A commitment to execution is fundamental to Del Monte Foods' foundation, and I believe we executed well in many aspects of our business in fiscal 2008. In particular, our sales and marketing team played a critical role in helping to grow revenues and to execute pricing in a difficult economic environment.

Our ability to execute also played a key role as we worked to mitigate margin pressures by addressing our cost structure. In fiscal 2008, our productivity and transformation initiatives were successful in taking approximately \$85 million in costs out of our system. These savings included results from the implementation of a number of Lean Manufacturing initiatives, including projects that improve yields and efficiencies in our factories and extend our fresh processing season. We also continued to improve our logistical capabilities. To cite just one example: since the start of our

transformation plan, we have cumulatively reduced the aggregate length of our supply chain by 15 million miles, which is the equivalent of approximately 4 million gallons of diesel. Importantly, we expect to benefit from productivity and transformation savings again in fiscal 2009.

Delivering Products People Want

At Del Monte Foods, we are focused on “delivering products people want,” the theme for this year’s annual report. People genuinely want our products, and our products connect solidly with two core consumer trends. First, we benefit from the growing desire on the part of Americans to eat healthy, which generally translates into rising demand for fruits and vegetables. Second, we benefit from the growing importance of brands and products that strengthen the bonds between pets and families. Many of our promotions are tied directly to these trends, such as Del Monte Foods’ *JUST ONE MORE* campaign to encourage people to add an additional serving of fruit, vegetables, or tomatoes to their daily diets. In our pet business, our *Power of Paws* program celebrates and promotes the many positive aspects of the relationships between people and their pets (or, possibly more accurately stated, pets and their people). With our broad portfolio of products and strong brands, we believe Del Monte Foods enjoys a very positive position to benefit from the ongoing opportunities these trends will create.

Actions Taken for a Strong Future

Leveraging the benefit of core consumer trends and our brand-based business fundamentals are critical as we address the challenge of driving earnings in a double-digit inflationary cost environment. To deliver enhanced long-term stockholder value, we

have taken specific actions with our portfolio, strategy, and organization to drive improved earnings performance and sustained growth.

Upgrading Our Portfolio: In June 2008, we announced the divestiture of our seafood business, including *StarKist*, a significant step in the realignment of our portfolio toward higher margin, higher growth businesses. This divestiture is expected to improve our margin structure, eliminate a source of earnings volatility, and reduce our debt leverage.

Accelerating Our Growth Plan: We recently announced a sharpened strategy targeted to accelerate margin accretive growth by investing in our faster growing, value-added, higher margin, branded businesses. Packaged produce, where we have a strong beachhead position, and pet products, where we have an extremely strong portfolio of brands, are the targeted key growth engines of our go-forward strategy. In addition, we are focused on unleashing the full potential of our core brands. To support these goals, we have announced a commitment of significant resources in the form of stepped up investments and people.

Strengthening Our Organization: We recently made two key changes to our organizational structure which we believe will be instrumental in achieving our goals. In fiscal 2008, we named Nils Lommerin to a new position, Chief Operating Officer. Our realigned organizational structure with the COO role deepens Del Monte’s leadership capabilities, including enhancing the connection between strategy and day-to-day execution. We also named Bill Pearce to a new position, Chief Marketing Officer, and announced the centralization of our marketing team in San Francisco. Together, these moves will further enhance Del Monte’s commitment to grow as a more marketing-centric, growth-oriented, innovation-driven company and will also build an even stronger talent pool. I am very pleased by the overall strength of our people

at every level of Del Monte Foods; this new organizational alignment should help us continue to strengthen that team.

Meeting the Challenge

We—and the food industry as a whole—recognize that rising costs will continue to be a challenge in fiscal 2009 and beyond. I believe we have the leadership, portfolio, strategy, talent, brands, and products to address this challenge head on. We are sharpening our focus on our higher margin, higher growth branded businesses. We plan to accelerate our investment and our pace of innovation at every level: brands and products, marketing and promotion, and productivity and efficiency. In response to rising costs, we expect to take pricing actions, backed by the strength of our brands and our position in the marketplace. And we will continue to be vigilant about improving our overall productivity and our cost structure.

For all these reasons, we believe the future of Del Monte Foods is strong. Our more than 8,600 full-time and 9,500 seasonal employees are focused on meeting consumer needs, getting our products to market, continuing to work closely with our customers, and, importantly, successfully addressing the challenges of our rising cost environment. Our team has worked very well together as we have responded to the challenges of fiscal 2008, and I am deeply appreciative of their efforts and enthusiasm.

I look forward to updating you on our progress in fiscal 2009 and on our accomplishments to come.

