April 12, 2007

To our shareholders:

We are proud to report our 2006 financials and future actions to you, our loyal shareholders. As one of the largest banana producers in the world, our dedication to safety, health and consumer-driven products positions us as a well-respected and valued global company.

With 2006 net sales at $15.4 billion, compared to $3.9 billion in 2005, we were up 294 percent. Part of the increase of net sales was from the Fresh Express acquisition. Although sales for Fresh Select were flat at $1.4 billion, sales for Fresh Cut were up 104 percent at an outstanding $1.1 billion, compared to $539 million in 2005.

Aside from our positive net sales, 2006 had several financial setbacks. We endured a $96 million net income loss. Several incidents that impacted this loss included: (1) higher industry costs, such as a net $75 million from European higher tariff costs against bananas imported from Latin America, (2) $43 million goodwill impairment charge from the Atlanta AG acquisition agreements, (3) $25 million settlement charge to the Department of Justice and (4) $21 million net loss from the 2006 E. coli outbreak.

The European market is a large part of our banana sales. The market made up approximately 37 percent of our banana business in 2006. At the start of 2006, the European Commission enforced a tariff against imported bananas from Latin America. The European Union also eliminated the quota for the volume of bananas imported, which caused the amount of bananas imported to increase in 2006 from other regions of the world. Since Latin America is our primary source for bananas, the tariff largely impacted our business. We had to endure tariff costs and compete with other banana importers of the world.

Because the tariff was only against Latin American suppliers, we expected rejection from the governments. Ecuador responded by requesting an arbitration panel for the World Trade Organization and was approved.

In 2005, we acquired Fresh Express from Atlanta AG. Part of the agreement included a goodwill impairment charge in the case of decreased financial performance. The European Union tariff and quota elimination was a large part of the decline in profitability and business performance. For example, there was intense price competition in Fresh Select's primary market of Germany. Because we anticipated the higher tariff costs, we accelerated the testing of Atlanta AG's goodwill and fixed assets for impairment.

There are always risks with participation in international operations. And in our produce industry, it is inevitable. In April 2003, we approached the U.S. Department of Justice (DOJ) to protect the safety and lives of our employees. Our banana-producing subsidiary in Colombia had been making forced protection payments to local militias that were threatening the lives of the employees. Once we became aware of that these payments were illegal under the U.S. antiterrorism law, we were motivated to come forward by the good faith concern for the lives of employees and corporate responsibility. Since involving the DOJ, we have fully cooperated with

the investigation, sold our Colombian operations and boosted compliance programs and procedures to reinforce the company ethics. We see the $25 million settlement charge as a representation of our corporate citizenship and responsibility to the government, our employees, our consumers and our shareholders. We can resolve the issue and move forward.

The produce industry also comes with risks from product health. We put the health of our consumers as the top priority. In 2006, the spinach produce industry was impacted by an E. coli outbreak. The industry as a whole has suffered lower sales from lack of consumer confidence and halted operations costs. It affected us financially with a net $21 million loss, and we foresee the negative impact to continue until at least the third quarter of 2007.

The E. coli spinach outbreak resulted in an investigation by the U.S. Food and Drug Administration (FDA). Since we make consumer safety our number one priority, we immediately complied with the investigation and halted Fresh Express spinach production. We are proud to say that the government confirmed no E. coli related cases linked to Fresh Express. However, there were still adverse effects. The operation freeze cost us $9 million, and we've estimated an additional $12 million loss due to reduced sales and decreased margins.

Although we've endured these negative impacts, we firmly believe that we will regain consumer confidence and regain sustainable financial spinach production. To regain consumer confidence and show them our leadership for making health our number one priority, we formed an independent scientific advisory panel to probe for enhancements to food-safety practices. In addition, we've committed $2 million to fund nine research projects recommended by the advisory panel for better understanding of E. coli threats in our green vegetables. The research will be made public to as many people as possible to stimulate the development of more advanced safety precautions in the produce industry. It is in an investment into the future of the industry.

These incidents greatly impacted 2006, so we are taking the time and the right initiatives to make a positive 2007. We've restructured our company strategies to pursue profitable growth, strengthen the core business and build a high-performance organization. These strategies will help our company become a global leader of branded and value-added produce. We're heightening our standards as a company for our employees, shareholders and consumers.

Pursue profitable growth: We want to focus on our consumer needs, including health, convenience and taste; we want to grow into new markets and segments; we want to extend the Chiquita brand; and we want to target strategic acquisitions. Although we started out slowly with the Fresh Express acquisition, we firmly believe that as we stabilize the new sector, it will build positive and profitable financial growth.

Strengthen the core business: We want to improve our North American business, drive productivity improvements and enhance supply chain efficiency. In October 2006, we announced strategic financial initiatives as a way to fulfill this new strategy. One of our initiatives involves exploring other strategic alternatives for shipping assets and shipping-related operations that enhance supply chain efficiency. We've been working with Fortis Securities as a financial advisor to look into alternatives. Over the years, our subsidiary shipping service, Great White

Fleet, has been considered a strong competitive advantage and will continue to remain critical in our business. However, we believe in investing in new growth opportunities to generate capital, reduce debt, strengthen consumer relations and enhance shareholder value. We will be looking to partner with an expert shipping service provider that parallels its growth with us. It is an opportunity for us to grow, maintain the quality and competitive operation costs, and increase the value of every stakeholder.

The other strategic initiative also focuses on strengthening our core business. Our board of directors, including myself, voted to halt our quarterly cash dividend of $0.10 per share. We will redirect the $17 million to decrease our debt and provide us with more financial flexibility. The suspension is in the best interest of our shareholders, strategic in supporting our company expansion in to new markets and segments and essential for fulfilling long-term sustainability.

Build a high-performance organization: We want to strengthen leadership in key positions, enhance performance management, improve information systems and become the employer of choice. In October 2006, we also announced organizational changes that will foster future innovation and leverage cold-chain management as a core global capability. First, we created new global product leader positions that we filled from positive, strategic individuals within the company – Jeff Filliator and Scott Komar. Second, we shifted Senior Vice President Waheed Zaman's focus from global supply chain organization and as chief operation officer to just focusing on the company's global supply chain. It really focuses our company on the health of our consumers through enhancing our management.

These three restructured strategies will put us at the forefront of the produce industry in 2007. We're excited to take advantage of the business opportunities and initiatives the year has to offer and stay on the path of sustainable, profitable growth. We know that an increase in the value of the consumer translates into higher financial shareholder values. Therefore, we will focus on growing the company with the consumer in mind.

As we transition Chiquita into providing profitable value-added products with higher margins instead of mere commodities, we look forward to building a company based on innovation and financial sustainability. Next year's numbers will reflect a strong balance sheet and return on investments.

On behalf of Chiquita and its board of directors, I would like to thank you for your continued support.

Cheers,

FERNANDO AGUIRRE
Chief Executive Officer

Shareholder Letter
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