

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 30, 2005

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 000-33385

CALAVO GROWERS, INC.

(Exact name of registrant as specified in its charter)

California
(State of incorporation)

33-0945304
(I.R.S. Employer Identification No.)

1141A Cummings Road
Santa Paula, California 93060
(Address of principal executive offices) (Zip code)

(805) 525-1245
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Registrant's number of shares of common stock outstanding as of April 30, 2005 was 13,506,833.

CAUTIONARY STATEMENT

This Quarterly Report on Form 10-Q contains statements relating to our future results (including certain projections and business trends) that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the “safe harbor” created by those sections. Forward-looking statements frequently are identifiable by the use of words such as “believe,” “anticipate,” “expect,” “intend,” “will,” and other similar expressions. Our actual results may differ materially from those projected as a result of certain risks and uncertainties. These risks and uncertainties include, but are not limited to: increased competition, conducting substantial amounts of business internationally, pricing pressures on agricultural products, adverse weather and growing conditions confronting avocado growers, new governmental regulations, as well as other risks and uncertainties, including but not limited to those set forth in Part I., Item 1 under the caption “Certain Business Risks” in our Annual Report on Form 10-K for the fiscal year ended October 31, 2004, and those detailed from time to time in our other filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events, or otherwise.

CALAVO GROWERS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CALAVO GROWERS, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)
(All amounts in thousands, except per share amounts)

	April 30, 2005	October 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,058	\$ 636
Accounts receivable, net of allowances of \$1,612 (2005) and \$1,087 (2004)	26,125	21,131
Inventories, net	13,167	11,375
Prepaid expenses and other current assets	4,683	4,598
Loans to growers	152	209
Advances to suppliers	160	2,413
Income tax receivable	214	803
Deferred income taxes	1,775	1,775
Total current assets	47,334	42,940
Property, plant, and equipment, net	16,868	17,427
Building held for sale	—	1,658
Goodwill	3,591	3,591
Other assets	1,482	1,782
	<u>\$ 69,275</u>	<u>\$ 67,398</u>
Liabilities and shareholders' equity		
Current liabilities:		
Payable to growers	\$ 10,070	\$ 5,789
Trade accounts payable	2,237	2,490
Accrued expenses	10,287	8,234
Short-term borrowings	710	2,000
Dividend payable	—	4,052
Current portion of long-term obligations	19	22
Total current liabilities	23,323	22,587
Long-term liabilities:		
Long-term obligations, less current portion	18	34
Deferred income taxes	840	840
Total long-term liabilities	858	874
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.001 par value; 100,000 shares authorized; 13,507 (2005) and 13,507 (2004) issued and outstanding	14	14
Additional paid-in capital	28,847	28,822
Notes receivable from shareholders	(2,671)	(2,883)
Retained earnings	18,904	17,984
Total shareholders' equity	45,094	43,937
	<u>\$ 69,275</u>	<u>\$ 67,398</u>

The accompanying notes are an integral part of these consolidated condensed financial statements.

CALAVO GROWERS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF INCOME (UNAUDITED)
(All amounts in thousands, except per share amounts)

	Three months ended		Six months ended	
	April 30,		April 30,	
	2005	2004	2005	2004
Net sales	\$ 60,206	\$ 76,421	\$ 107,877	\$ 125,464
Cost of sales	53,851	68,668	99,570	114,627
Gross margin	6,355	7,753	8,307	10,837
Selling, general and administrative	4,307	3,969	8,820	7,656
Operating income (loss)	2,048	3,784	(513)	3,181
Other income, net	1,909	106	1,991	220
Income before provision for income taxes	3,957	3,890	1,478	3,401
Provision for income taxes	1,490	1,556	558	1,361
Net income	\$ 2,467	\$ 2,334	\$ 920	\$ 2,040
Net income per share:				
Basic	\$ 0.18	\$ 0.17	\$ 0.07	\$ 0.15
Diluted	\$ 0.18	\$ 0.17	\$ 0.07	\$ 0.15
Number of shares used in per share computation:				
Basic	13,507	13,507	13,507	13,488
Diluted	13,580	13,589	13,581	13,571

The accompanying notes are an integral part of these consolidated condensed financial statements.

CALAVO GROWERS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	<u>Six months ended April 30,</u>	
	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Net income	\$ 920	\$ 2,040
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,643	1,065
Gain on sale of building	(1,725)	—
Stock based compensation	25	21
Provision for losses on accounts receivable	1	25
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable	(4,995)	(11,028)
Inventories, net	(1,792)	(4,591)
Prepaid expenses and other assets	155	1,146
Loans to growers	57	62
Advances to suppliers	2,253	194
Income taxes receivable	589	—
Payable to growers	4,281	12,337
Trade accounts payable and accrued expenses	1,800	560
Income taxes payable	—	163
Net cash provided by operating activities	<u>3,212</u>	<u>1,994</u>
Cash Flows from Investing Activities:		
Direct costs of Maui acquisition	—	(65)
Proceeds received from sale of building	3,383	—
Acquisitions of and deposits on property, plant, and equipment	(1,024)	(4,611)
Net cash provided by (used in) investing activities	<u>2,359</u>	<u>(4,676)</u>
Cash Flows from Financing Activities:		
Payment of dividend to shareholders	(4,052)	(3,376)
Proceeds from (payments on) short-term borrowings, net	(1,290)	1,000
Collection on notes receivable from shareholders	212	384
Payments on long-term obligations	(19)	(19)
Net cash used in financing activities	<u>(5,149)</u>	<u>(2,011)</u>
Net increase (decrease) in cash and cash equivalents	422	(4,693)
Cash and cash equivalents, beginning of period	636	5,375
Cash and cash equivalents, end of period	<u>\$ 1,058</u>	<u>\$ 682</u>
Supplemental Information -		
Cash paid during the period for:		
Interest	<u>\$ 45</u>	<u>\$ 45</u>
Income taxes	<u>\$ 17</u>	<u>\$ 1,089</u>

Noncash Investing and Financing Activities:

In November 2003, the Company acquired all of the outstanding common shares of Maui Fresh International, Inc. for 576,924 shares of the Company's common stock, valued at \$4.05 million. The following table summarizes the estimated fair values of the non-cash assets acquired and liabilities assumed at the date of acquisition.

(in thousands)	2004
Fixed assets	\$ 114
Goodwill	3,526
Intangible assets	867
Total non-cash assets acquired	4,507
Current liabilities	110
Deferred tax liabilities assumed	347
Net non-cash assets acquired	<u>\$ 4,050</u>

The accompanying notes are an integral part of these consolidated condensed financial statements.

CALAVO GROWERS, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

1. Description of the business

Business

Calavo Growers, Inc. (Calavo, the Company, we, us or our) procures and markets avocados and other perishable commodities and prepares and distributes processed avocado products. Our expertise in marketing and distributing avocados, processed avocados, and other perishable foods allows us to deliver a wide array of fresh and processed food products to food distributors, produce wholesalers, supermarkets, and restaurants on a worldwide basis. Through our two operating facilities in southern California and two facilities in Mexico, we sort and pack avocados procured in California and Mexico and prepare processed avocado products. Additionally, we procure avocados internationally, principally from Mexico, Chile, and the Dominican Republic, and distribute other perishable foods, such as Hawaiian grown papayas. We report these operations in three different business segments: (1) California avocados, (2) international avocados and perishable food products and (3) processed products.

The accompanying consolidated condensed financial statements are unaudited. In the opinion of management, the accompanying consolidated condensed financial statements contain all adjustments necessary to present fairly our financial position, results of operations, and cash flows. Such adjustments consist of adjustments of a normal recurring nature. Interim results are subject to significant seasonal variations and are not necessarily indicative of the results of operations for a full year. Our operations are sensitive to a number of factors, including weather-related phenomena and their effects on industry volumes, prices, product quality, and costs. Operations are also sensitive to fluctuations in currency exchange rates in both sourcing and selling locations, as well as economic crises and security risks in developing countries. These statements should also be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2004.

Recent Accounting Standards

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 151, *Inventory Costs, an amendment of ARB No. 43, Chapter 4* (SFAS 151), to clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage) should be recognized as current period charges, and that fixed production overheads should be allocated to inventory based on normal capacity of production facilities. This statement is effective for the Company's fiscal year beginning November 1, 2005. We are in the process of evaluating whether the adoption of SFAS 151 will have a significant impact on our overall results of operations or financial position.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions* (SFAS 153). The amendments made by SFAS 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the narrow exception for nonmonetary exchanges of similar productive assets and replace it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. The Statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after the date of issuance. The provisions of this Statement shall be applied prospectively. We do not expect the adoption of SFAS 153 will have a significant impact on our overall results of operations or financial position.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS 123(R)). SFAS 123(R) requires the recognition of compensation cost relating to share-based payment transactions in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued as of the grant date, based on the estimated number of awards that are expected to vest. SFAS 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. SFAS 123(R) replaces FASB Statement No. 123, *Accounting for Stock-Based Compensation* (SFAS 123), and supersedes APB Opinion No. 25, *Accounting for Stock*

CALAVO GROWERS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

Issued to Employees (Opinion 25). SFAS 123(R) is effective November 1, 2005. As a public company, we are allowed to select from three alternative transition methods—each having different reporting implications. We have not completed our evaluation or determined the impact of adopting SFAS 123(R).

In December 2004, the FASB issued FASB Staff Position (FSP) FAS 109-1 – *Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004* (2004 Act). This FSP provides guidance on the application of SFAS No. 109 to the provisions of the tax deduction on qualified production activities contained within the 2004 Act. FSP 109-1 states that the manufacturers’ deduction should be accounted for as a special deduction in accordance with SFAS No. 109 and not as a tax rate reduction. We adopted the provisions of FSP 109-1 during our first fiscal quarter of 2005. Adoption of FSP 109-1 did not have a significant effect on our financial position or results of operations.

In December 2004, the FASB issued FSP FAS 109-2 – *Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004*, which provides guidance for the repatriation provisions included in the 2004 Act. The 2004 Act introduced a special limited-time dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer. As a result, FSP 109-2 provides an exception to the SFAS No. 109 requirement to reflect the effect of a new tax law in the period of enactment. Accordingly, an entity is allowed additional time beyond the financial reporting period of enactment to evaluate the effect of the 2004 Act on its plan for repatriation of foreign earnings. We adopted the provisions of FSP 109-2 during our first fiscal quarter of 2005. Adoption of FSP 109-2 did not have a significant effect on our financial position or results of operations.

Stock Based Compensation

As permitted by SFAS No. 123, “Accounting for Stock-Based Compensation,” (“SFAS No. 123”), which was amended by SFAS No. 148, “Accounting for Stock-Based Compensation – Transition and Disclosure,” the Company accounts for stock-based compensation under Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB 25”) and related interpretations.

In December 2003, our Board of Directors approved the issuance of options to acquire a total of 50,000 shares of our common stock to two members of our Board of Directors. Each option to acquire 25,000 shares vests in substantially equal installments over a 3-year period, has an exercise price of \$7.00 per share, and has a term of 5 years from the grant date. The market price of our common stock at the grant date was \$10.01. In accordance with APB 25, we are recording compensation expense of approximately \$151,000 over the vesting period of three years from the grant date. During the three and six month periods ended April 30, 2005 and April 30, 2004, we recognized \$13,000, \$25,000, \$13,000 and \$21,000 of compensation expense with respect to stock option awards pursuant to APB 25. Had compensation cost for stock option awards been determined based on the fair value of each award at its grant date, consistent with the provisions of SFAS No. 123, the Company’s pro forma net income and net income per share would have been as follows (dollars in thousands, except per share amounts):

CALAVO GROWERS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

	Three months ended April 30,		Six months ended April 30,	
	2005	2004	2005	2004
Net Income:				
As reported	\$ 2,467	\$ 2,334	\$ 920	\$ 2,040
Add: Total stock-based compensation expense determined under APB 25 and related interpretations, net of tax effects	8	8	16	13
Deduct: Total stock based compensation expense determined under fair value based method for all awards, net of tax effects	(8)	(8)	(16)	(13)
Pro forma	<u>\$ 2,467</u>	<u>\$ 2,334</u>	<u>\$ 920</u>	<u>\$ 2,040</u>
Net income per share, as reported:				
Basic	\$ 0.18	\$ 0.17	\$ 0.07	\$ 0.15
Diluted	\$ 0.18	\$ 0.17	\$ 0.07	\$ 0.15
Net income per share, pro forma:				
Basic	\$ 0.18	\$ 0.17	\$ 0.07	\$ 0.15
Diluted	\$ 0.18	\$ 0.17	\$ 0.07	\$ 0.15

For purposes of pro forma disclosures under SFAS No. 123, the estimated fair value of the options is assumed to be amortized to compensation expense over the options' vesting period. The fair value of the options granted in 2004 has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.3%
Expected volatility	26.9%
Dividend yield	20%
Expected life (years)	5
Weighted-average fair value of options granted	\$ 3.01

The Black-Scholes and Binary option valuation models were developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because options held by our directors have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in our opinion, the existing models do not necessarily provide a reliable single measure of the fair value of these options.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current period presentation.

CALAVO GROWERS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

2. Information regarding our operations in different segments

We operate and track results in three reportable segments: California avocados, international avocados and perishable foods products, and processed products. These three business segments are presented based on our management structure and information used by our president to measure performance and allocate resources. The California avocados segment includes all operations that involve the distribution of avocados grown in California. The international avocados and perishable foods products segment includes both operations related to distribution of fresh avocados grown outside of California and distribution of other perishable food items. The processed products segment represents all operations related to the purchase, manufacturing, and distribution of processed avocado products. Those costs that can be specifically identified with a particular product line are charged directly to that product line. Costs that are not segment specific are generally allocated based on two-year average sales dollars. We do not allocate assets or specifically identify them to our operating segments.

	<u>California avocados</u>	<u>International avocados and perishable food products</u>	<u>Processed products</u>	<u>Inter-segment eliminations</u>	<u>Total</u>
(All amounts are presented in thousands)					
Six months ended April 30, 2005					
Net sales	\$ 34,202	\$ 68,381	\$ 15,457	\$ (10,163)	\$ 107,877
Cost of sales	<u>31,606</u>	<u>64,708</u>	<u>13,419</u>	<u>(10,163)</u>	<u>99,570</u>
Gross margin	2,596	3,673	2,038	—	8,307
Selling, general and administrative	<u>3,537</u>	<u>2,754</u>	<u>2,529</u>	<u>—</u>	<u>8,820</u>
Operating income (loss)	(941)	919	(491)	—	(513)
Other income, net	<u>1,075</u>	<u>691</u>	<u>225</u>	<u>—</u>	<u>1,991</u>
Income (loss) before provision for income taxes	134	1,610	(266)	—	1,478
Provision (benefit) for income taxes	<u>51</u>	<u>607</u>	<u>(100)</u>	<u>—</u>	<u>558</u>
Net income (loss)	<u>\$ 83</u>	<u>\$ 1,003</u>	<u>\$ (166)</u>	<u>\$ —</u>	<u>\$ 920</u>

	<u>California avocados</u>	<u>International avocados and perishable food products</u>	<u>Processed products</u>	<u>Inter-segment eliminations</u>	<u>Total</u>
(All amounts are presented in thousands)					
Six months ended April 30, 2004					
Net sales	\$ 54,637	\$ 63,275	\$ 15,338	\$ (7,786)	\$ 125,464
Cost of sales	<u>50,155</u>	<u>59,224</u>	<u>13,034</u>	<u>(7,786)</u>	<u>114,627</u>
Gross margin	4,482	4,051	2,304	—	10,837
Selling, general and administrative	<u>3,330</u>	<u>2,018</u>	<u>2,308</u>	<u>—</u>	<u>7,656</u>
Operating income (loss)	1,152	2,033	(4)	—	3,181
Other income, net	<u>168</u>	<u>47</u>	<u>5</u>	<u>—</u>	<u>220</u>
Income before provision for income taxes	1,320	2,080	1	—	3,401
Provision for income taxes	<u>529</u>	<u>832</u>	<u>—</u>	<u>—</u>	<u>1,361</u>
Net income	<u>\$ 791</u>	<u>\$ 1,248</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 2,040</u>

CALAVO GROWERS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

	<u>California avocados</u>	<u>International avocados and perishable food products</u>	<u>Processed products</u>	<u>Inter-segment eliminations</u>	<u>Total</u>
Three months ended April 30, 2005					
Net sales	\$ 25,525	\$ 31,994	\$ 7,955	\$ (5,268)	\$ 60,206
Cost of sales	22,921	29,773	6,425	(5,268)	53,851
Gross margin	2,604	2,221	1,530	—	6,355
Selling, general and administrative	1,764	1,368	1,175	—	4,307
Operating income	840	853	355	—	2,048
Other income, net	1,019	662	228	—	1,909
Income before provision for income taxes	1,859	1,515	583	—	3,957
Provision for income taxes	700	571	219	—	1,490
Net income	<u>\$ 1,159</u>	<u>\$ 944</u>	<u>\$ 364</u>	<u>\$ —</u>	<u>\$ 2,467</u>

	<u>California avocados</u>	<u>International avocados and perishable food products</u>	<u>Processed products</u>	<u>Inter-segment eliminations</u>	<u>Total</u>
Three months ended April 30, 2004					
Net sales	\$ 44,409	\$ 28,387	\$ 8,278	\$ (4,653)	\$ 76,421
Cost of sales	40,055	26,506	6,760	(4,653)	68,668
Gross margin	4,354	1,881	1,518	—	7,753
Selling, general and administrative	1,755	1,023	1,191	—	3,969
Operating income	2,599	858	327	—	3,784
Other income, net	85	19	2	—	106
Income before provision for income taxes	2,684	877	329	—	3,890
Provision for income taxes	1,074	351	131	—	1,556
Net income	<u>\$ 1,610</u>	<u>\$ 526</u>	<u>\$ 198</u>	<u>\$ —</u>	<u>\$ 2,334</u>

CALAVO GROWERS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

The following table sets forth sales by product category, by segment (in thousands):

	Six months ended April 30, 2005				Six months ended April 30, 2004			
	California avocados	International avocados and perishable food products	Processed products	Total	California avocados	International avocados and perishable food products	Processed products	Total
Third-party sales:								
California avocados	\$ 30,075	\$ —	\$ —	\$ 30,075	\$ 51,036	\$ —	\$ —	\$ 51,036
Imported avocados	—	42,036	—	42,036	—	39,190	—	39,190
Papayas	—	3,423	—	3,423	—	3,302	—	3,302
Specialties and Tropicals	—	8,484	—	8,484	—	8,211	—	8,211
Processed — food service	—	—	12,754	12,754	—	—	13,896	13,896
Processed — retail and club	—	—	2,740	2,740	—	—	1,982	1,982
Total fruit and product sales to third-parties	30,075	53,943	15,494	99,512	51,036	50,703	15,878	117,617
Freight and other charges	2,621	8,915	18	11,554	3,357	7,783	172	11,312
Total third-party sales	32,696	62,858	15,512	111,066	54,393	58,486	16,050	128,929
Less sales incentives	(41)	—	(3,148)	(3,189)	(62)	(47)	(3,356)	(3,465)
Total net sales to third-parties	32,655	62,858	12,364	107,877	54,331	58,439	12,694	125,464
Intercompany sales	1,547	5,523	3,093	10,163	306	4,836	2,644	7,786
Net sales before eliminations	<u>\$ 34,202</u>	<u>\$ 68,381</u>	<u>\$ 15,457</u>	<u>118,040</u>	<u>\$ 54,637</u>	<u>\$ 63,275</u>	<u>\$ 15,338</u>	<u>133,250</u>
Intercompany sales eliminations				(10,163)				(7,786)
Consolidated net sales				<u>\$ 107,877</u>				<u>\$ 125,464</u>
	Three months ended April 30, 2005				Three months ended April 30, 2004			
	California avocados	International avocados and perishable food products	Processed products	Total	California avocados	International avocados and perishable food products	Processed products	Total
Third-party sales:								
California avocados	\$ 22,530	\$ —	\$ —	\$ 22,530	\$ 41,481	\$ —	\$ —	\$ 41,481
Imported avocados	—	17,962	—	17,962	—	15,619	—	15,619
Papayas	—	1,603	—	1,603	—	1,662	—	1,662
Specialties and Tropicals	—	5,035	—	5,035	—	4,258	—	4,258
Processed — food service	—	—	6,729	6,729	—	—	7,342	7,342
Processed — retail and club	—	—	1,334	1,334	—	—	1,032	1,032
Total fruit and product sales to third-parties	22,530	24,600	8,063	55,193	41,481	21,539	8,374	71,394
Freight and other charges	2,022	4,448	82	6,552	2,655	4,058	104	6,817
Total third-party sales	24,552	29,048	8,145	61,745	44,136	25,597	8,478	78,211
Less sales incentives	(24)	—	(1,515)	(1,539)	(33)	(1)	(1,756)	(1,790)
Total net sales to third-parties	24,528	29,048	6,630	60,206	44,103	25,596	6,722	76,421
Intercompany sales	997	2,946	1,325	5,268	306	2,791	1,556	4,653
Net sales before eliminations	<u>\$ 25,525</u>	<u>\$ 31,994</u>	<u>\$ 7,955</u>	<u>65,474</u>	<u>\$ 44,409</u>	<u>\$ 28,387</u>	<u>\$ 8,278</u>	<u>81,074</u>
Intercompany sales eliminations				(5,268)				(4,653)
Consolidated net sales				<u>\$ 60,206</u>				<u>\$ 76,421</u>

CALAVO GROWERS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

3. Inventories

Inventories consist of the following (in thousands):

	<u>April 30, 2005</u>	<u>October 31, 2004</u>
Fresh fruit	\$ 6,737	\$ 3,424
Packing supplies and ingredients	1,917	2,081
Finished processed foods	4,513	5,870
	<u>\$ 13,167</u>	<u>\$ 11,375</u>

During the three and six month periods ended April 30, 2005 and 2004, we were not required to, and did not, record any provisions to reduce our inventories to the lower of cost or market.

4. Related party transactions

We sell papayas obtained from an entity owned by our Chairman of the Board of Directors, Chief Executive Officer and President. Sales of papayas procured from the related entity amounted to approximately \$3,423,000, and \$3,302,000 for the six months ended April 30, 2005 and 2004, resulting in gross margins of approximately \$249,000 and \$278,000. Sales of papayas procured from the related entity amounted to approximately \$1,603,000, and \$1,662,000 for the three months ended April 30, 2005 and 2004, resulting in gross margins of approximately \$99,000 and \$175,000. Included in accrued liabilities are approximately \$149,000 and \$113,000 at April 30, 2005 and October 31, 2004 due to this entity.

Certain members of our Board of Directors market avocados through Calavo pursuant to marketing agreements substantially similar to the marketing agreements that we enter into with other growers. During the three and six months ended April 30, 2005 and 2004, the aggregate amount of avocados procured from entities owned or controlled by members of our Board of Directors was \$0.4, \$0.8, \$1.5, and \$1.9 million.

5. Other assets

Included in other assets in the accompanying consolidated financial statements are the following intangible assets: customer-related intangibles of \$590,000 (accumulated amortization of \$147,000 at April 30, 2005), brand name intangibles of \$275,000 and other identified intangibles totaling \$2,000 (accumulated amortization of \$1,400 at April 30, 2005). The customer-related intangibles and other identified intangibles are being amortized over five and two years. The intangible asset related to the brand name currently has an indefinite remaining useful life and, as a result, is not currently subject to amortization. We anticipate recording amortization expense of approximately \$60,000 for the remainder of fiscal 2005 and approximately \$118,000 per annum for fiscal 2006 through fiscal 2008, with the remaining amortization expense of approximately \$29,000 recorded in fiscal 2009.

6. Other events*Dividend payment*

On January 3, 2005, we paid a \$0.30 per share dividend in the aggregate amount of \$4,052,000 to shareholders of record on November 15, 2004.

CALAVO GROWERS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

Contingencies

As previously reported, we are currently under examination by the Mexican tax authorities (“Hacienda”) for the tax year ended December 31, 2000. During the first quarter of fiscal 2005, we received an assessment totaling approximately \$2,000,000 from Hacienda related to the amount of income at our Mexican subsidiary. Based primarily on discussions with legal counsel, we believe that Hacienda’s position has no merit and that the Company will prevail. Accordingly, no amounts have been provided in the financial statements as of April 30, 2005. We are also involved in litigation arising in the ordinary course of our business that we do not believe will have a material adverse impact on our financial statements.

Corporate Headquarters Building

In March 2005, we completed the sale of our corporate headquarters building located in Santa Ana, California for \$3.4 million. This transaction resulted in a pre-tax gain on sale of approximately \$1.7 million. In conjunction with such sale, we relocated our corporate offices to Santa Paula, California in March 2005. Total expenses related to such relocation approximated \$0.1 million.

7. Processed product segment restructuring

In February 2003, our Board of Directors approved a plan whereby the operations of our processed products business would be relocated. The plan called for the closing of our Santa Paula, California and Mexicali, Baja California Norte processing facilities and the relocation of these operations to a new facility in Uruapan, Michoacan, Mexico. We believe that this restructuring will provide cost savings in the elimination of certain transportation costs, duplicative overhead structures, and savings in the overall cost of labor and services. The Uruapan facility commenced operations in February 2004 and the Santa Paula and Mexicali facilities were closed in February 2003 and August 2004. For the first six months of fiscal 2005, we incurred costs related to this restructuring approximating \$437,000, which are recorded in our income statement as both cost of sales (\$298,000) and selling, general and administrative expenses (\$139,000). All the above amounts have been paid and we do not expect any additional operating costs related to this restructuring.

8. Subsequent Events

Investment in Limoneira Company

In order to increase our market share of California avocados and increase synergies within the marketplace, we entered into a stock purchase agreement with Limoneira Company (Limoneira) in June 2005. Pursuant to such agreement, we acquired approximately 15.1% of Limoneira’s outstanding common stock for \$23.45 million and Limoneira acquired approximately 6.9% of our outstanding common stock for \$10 million. Additionally, such agreement also provided for: (1) Calavo to lease office space from Limoneira in Santa Paula, California for a period of 10 years at an initial annual gross rental of approximately \$0.2 million (subject to annual CPI increases, as defined), (2) Calavo to market Limoneira’s avocados and (3) Calavo and Limoneira to use good faith reasonable efforts to maximize avocado packing efficiencies for both parties by consolidating their fruit packing operations. Various opportunities are currently being considered, including the use of existing packing facilities, an investment in existing vacant facilities, and/or an investment in a new consolidated facility for both parties.

Limoneira, which generated total revenues of approximately \$26 million during fiscal 2004, primarily engages in growing citrus and avocados, picking and hauling citrus, and packing lemons. The issuances of the shares discussed above are exempt from registration under federal and state securities laws. As a result of the ownership percentage acquired in Limoneira, we will account for our investment in Limoneira under the “cost” method, whereby we will recognize only dividends received from Limoneira as income. Such investment will be classified as “available-for-sale,” whereby it will be reported at fair market value and unrealized gains and losses will be reported in other comprehensive income.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This information should be read in conjunction with the unaudited consolidated condensed financial statements and the notes thereto included in this Quarterly Report, and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Annual Report on Form 10-K for the year ended October 31, 2004 of Calavo Growers, Inc. (we, Calavo, or the Company). Certain prior year amounts have been reclassified to conform with the current period presentation.

Recent Developments

Dividend payment

On January 3, 2005, we paid a \$0.30 per share dividend in the aggregate amount of \$4,052,000 to shareholders of record on November 15, 2004.

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In order to increase our market share of California avocados and increase synergies within the marketplace, we entered into a stock purchase agreement with Limoneira Company (Limoneira) in June 2005. Pursuant to such agreement, we acquired approximately 15.1% of Limoneira's outstanding common stock for \$23.45 million and Limoneira acquired approximately 6.9% of our outstanding common stock for \$10 million. Additionally, such

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agreement also provided for: (1) Calavo to lease office space from Limoneira in Santa Paula, California for a period of 10 years at an initial annual gross rental of approximately \$0.2 million (subject to annual CPI increases, as defined), (2) Calavo to market Limoneira's avocados and (3) Calavo and Limoneira to use good faith reasonable efforts to maximize avocado packing efficiencies for both parties by consolidating their fruit packing operations. Various opportunities are currently being considered, including the use of existing packing facilities, an investment in existing vacant facilities, and/or an investment in a new consolidated facility for both parties.

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[Table of Contents](#)**Net Sales**

The following table summarizes our net sales by business segment for each of the three and six month periods ended April 30, 2005 and 2004:

<u>(in thousands)</u>	<u>Three months ended April 30,</u>			<u>Six months ended April 30,</u>		
	<u>2005</u>	<u>Change</u>	<u>2004</u>	<u>2005</u>	<u>Change</u>	<u>2004</u>
Net sales to third-parties:						
California avocados	\$ 24,528	(44.4)%	\$ 44,103	\$ 32,655	(39.9)%	\$ 54,331
International avocados and perishable food products	29,048	13.5%	25,596	62,858	7.6%	58,439
Processed products	6,630	(1.4)%	6,722	12,364	(2.6)%	12,694
Total net sales	\$ 60,206	(21.2)%	\$ 76,421	\$ 107,877	(14.0)%	\$ 125,464
As a percentage of net sales:						
California avocados	40.7%		57.7%	30.3%		43.3%
International avocados and perishable food products	48.2%		33.5%	58.3%		46.6%
Processed products	11.1%		8.8%	11.4%		10.1%
	<u>100.0%</u>		<u>100.0%</u>	<u>100.0%</u>		<u>100.0%</u>

Net sales for the second quarter of fiscal 2005, compared to fiscal 2004, decreased by \$16.2 million, or 21.2%; whereas net sales for the six months ended April 30, 2005, compared to fiscal 2004, decreased by \$17.6 million, or 14.0%. Consistent with the historical seasonality of the California avocado harvest season, our California avocado business generated 40.7% of our consolidated net sales for the second quarter, as compared to 57.7% for the same prior year period. For the three and six month periods, our net sales reflect an increasing percentage of our business being generated from our international avocados and perishable food products segment. This increase was primarily driven by additional sales related to increases in the volume of avocados being imported from Mexico and Chile. Such increases, however, were partially offset by decreases in the volume of avocados being imported from the Dominican Republic, as well as a decrease in our average selling prices of all imported avocados. Net sales generated by our processed products business are not subject to the seasonal effect experienced by our other operating segments. The decrease in sales to third parties delivered by our processed products business during the second quarter of fiscal 2005, as compared to fiscal 2004, was primarily due to a marginal decrease in average prices and total pounds of product sold. We anticipate that sales generated from our California avocados and international avocados and perishable food products segments will continue to represent the majority of total net sales and the percentage of total net sales generated from these segments may increase in the future.

California avocados

Net sales delivered by this business segment decreased by approximately \$19.6 million, or 44.4%, for the second quarter of fiscal 2005, when compared to the same period for fiscal 2004. The decrease in sales reflects a 34.0% decrease in pounds of avocados sold, as well as a reduction in our average selling prices when compared to the same prior year period. The decrease in pounds is consistent with the expected decrease in the overall harvest of the California avocado crop for the 2004/2005 season. Our market share of California avocados decreased to 27.1% in the second quarter of fiscal 2005, when compared to a 32.5% market share for the same prior year period. We believe that such decrease is not related to a significant decrease in growers, but rather the timing of when fruit will be delivered to us.

Net sales delivered by this business segment decreased by approximately \$21.7 million, or 39.9%, for the first six months of fiscal 2005, compared to the same fiscal 2004 period. The decrease in sales reflects a 31.0% decrease in pounds of avocados sold, as well as a reduction in our average selling prices when compared to the same prior year period. The decrease in delivered pounds was primarily due to severe winter storms, an unanticipated increase in seasonal imports of Chilean sourced fruit and the expected decrease in the overall harvest of the California

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avocado crop for the 2004/2005 season. Similar to our quarterly results, our market share of California avocados decreased, going to 30.3% for the six months ended April 30, 2005, compared to 34.6% for the same period in the prior year. We believe that such decrease is not related to a significant decrease in growers, but rather the timing of when fruit will be delivered to us.

Average selling prices, on a per carton basis, for California avocados for the second quarter and the six months of fiscal 2005 were 17.3% and 14.1% lower when compared to the same prior year periods. This pricing structure primarily reflected the initial uncertainty over the effect/impact of the year-round introduction of Mexican avocados in the U.S. marketplace.

We anticipate that our California avocado business will experience a seasonal increase during the third fiscal quarter of 2005. In addition, we believe that, due to seasonal availability, the absence of certain imported avocados in the U.S. marketplace will positively impact average selling prices during the third fiscal quarter of 2005.

International and perishable food products

For the quarter ended April 30, 2005, when compared to the same period for fiscal 2004, sales to third-party customers increased by approximately \$3.5 million, or 13.5%. For the six months of fiscal 2005, when compared to the same period for fiscal 2004, sales to third-party customers increased by approximately \$4.4 million, or 7.6%.

For both the quarter and six months ended April 30, 2005, as compared to the same prior year period, the increased sales to third-parties by our international and perishable food products business were primarily driven by the additional sales related to Mexican and Chilean grown avocados in the U.S., Japanese, and/or European marketplaces.

For the quarter ended April 30, 2005, the volume of Mexican and Chilean fruit handled increased by 3.5 million pounds, or 19.8%, and 3.0 million pounds, or 406.9%, when compared to the same prior year period. Such increases, however, were partially offset by decreases in the Dominican Republic sourced fruit. For the three months ended April 30, 2005, the volume of the Dominican Republic fruit handled decreased by 3.0 million pounds, or 98.4%, when compared to the same prior year period. This decrease is primarily related to the availability and size of the harvest.

For the six months ended April 30, 2005, the volume of Mexican and Chilean fruit handled increased by 5.2 million pounds, or 16.2%, and 8.1 million pounds, or 87.5%, when compared to the same prior year period. Such increases, however, were partially offset by decreases in the Dominican Republic sourced fruit. For the six months ended April 30, 2005, the volume of the Dominican Republic fruit handled decreased by 4.1 million pounds, or 50.8%, when compared to the same prior year period. This decrease is primarily related to the availability and size of the harvest.

For the second fiscal quarter of 2005, average selling prices, on a per carton basis, for Chilean, Mexican, and The Dominican Republic avocados were 27.6%, 1.0%, and 34.9% lower when compared to the same prior year period. For the first six months of fiscal 2005, average selling prices, on a per carton basis, for Chilean, Mexican, and The Dominican Republic avocados were 27.8%, 2.4%, and 19.2% lower when compared to the same prior year period. These reductions were primarily the result of a significant increase in seasonal imports of Chilean sourced fruit and the initial uncertainty over the effect/impact of the year-round introduction of Mexican avocados in the U.S. marketplace.

Despite the year-round availability of Mexican avocados in the U.S. marketplace, we anticipate that net sales for this segment will decrease in the third fiscal quarter of 2005 as compared to the second fiscal quarter of 2005. This is consistent with the seasonal nature of the availability of certain foreign sourced avocados in the U.S. marketplace.

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Processed products

For the quarter ended April 30, 2005, when compared to the same period for fiscal 2004, sales to third-party customers decreased by approximately \$0.1 million, or 1.4%. This decrease is primarily related to a marginal decrease in average prices and total pounds of product sold.

For the first six months of fiscal 2005, when compared to the same period for fiscal 2004, sales to third-party customers decreased by approximately \$0.3 million, or 2.6%. The decrease in third-party sales is primarily attributable to a decrease in average sales prices, partially offset by an increase in total pounds sold. During the first six months of fiscal 2005, we experienced deterioration in our net average selling prices of \$0.09, or 4.7%. Total product pounds sold increased, however, by 0.1 million pounds, or 2.0%.

Our ultra high pressure products continue to experience solid demand. During the second quarter of fiscal 2005, sales of high pressure product totaled approximately \$1.8 million, as compared to \$1.3 million for the same prior year period. We believe that the introduction of these fresh guacamole products will, in the long-term, successfully address a growing market segment.

[Table of Contents](#)**Gross Margins**

The following table summarizes our gross margins and gross profit percentages by business segment for each of the three and six month periods ended April 30, 2005 and 2004:

(in thousands)	Three months ended April 30,			Six months ended April 30,		
	2005	Change	2004	2005	Change	2004
Gross margins:						
California avocados	\$ 2,604	(40.2)%	\$ 4,354	\$ 2,596	(42.1)%	\$ 4,482
International avocados and perishable food products	2,221	18.1%	1,881	3,673	(9.3)%	4,051
Processed products	1,530	(0.8)%	1,518	2,038	(11.5)%	2,304
Total gross margins	<u>\$ 6,355</u>	<u>(18.0)%</u>	<u>\$ 7,753</u>	<u>\$ 8,307</u>	<u>(23.3)%</u>	<u>\$ 10,837</u>
Gross profit percentages:						
California avocados	10.6%		9.9%	7.9%		8.2%
International avocados and perishable food products	7.6%		7.3%	5.8%		6.9%
Processed products	23.1%		22.6%	16.5%		18.2%
Consolidated	10.6%		10.1%	7.7%		8.6%

Our cost of goods sold consists predominantly of fruit costs, packing materials, freight and handling, labor and overhead (including depreciation) associated with preparing food products and other direct expenses pertaining to products sold. Consolidated gross margin, as a percent of sales, increased 0.5% for the three month period ended April 30, 2005, but decreased 0.9% for the six month period ended April 30, 2005. The increase in the second quarter of fiscal 2005 was principally attributable to increased profitability in our California operating segment. The decrease for the six months ended April 30, 2005 was primarily related to decreased profitability in our international avocados and perishable food products and processed products segments.

For the three months ended April 30, 2005, our California avocados segment experienced an increase in its gross profit percentage. This was primarily driven by a minor increase in our packing and marketing fee (which is charged to cover our costs and a profit). For the six months ended April 30, 2005, the gross profit percentages generated by our international avocados and perishable food products business were negatively impacted by an increase in fruit costs. These increases in fruit costs, however, were partially offset by increases in fruit volume, which had the effect of reducing our per pound packing costs. For the three and six month period ended April 30, 2005, our processed products gross profit percentages decreased primarily as a result of higher fruit costs and final costs related to the closing our Mexicali, Mexico facility. We anticipate that the gross profit percentage for our processed product segment will continue to experience significant fluctuations during the next fiscal quarter primarily due to the uncertainty of the cost of fruit that will be used in the production process.

[Table of Contents](#)**Selling, General and Administrative**

(in thousands)	Three months ended April 30,			Six months ended April 30,		
	2005	Change	2004	2005	Change	2004
Selling, general and administrative	\$ 4,307	8.5%	\$ 3,969	\$ 8,820	15.2%	\$ 7,656
Percentage of net sales	7.2%		5.2%	8.2%		6.1%

Selling, general and administrative expenses include costs of marketing and advertising, sales expenses and other general and administrative costs. Selling, general and administrative expenses increased \$0.3 million, or 8.5%, for the three months ended April 30, 2005, when compared to the same period for fiscal 2004. This increase was primarily related to higher corporate costs, including, but not limited to, costs related to implementing provisions required under Section 404 of the Sarbanes-Oxley Act (totaling approximately \$0.3 million) & corporate moving expenses (totaling approximately \$0.1 million). Such higher corporate costs were partially offset by a decrease in employee compensation costs (totaling approximately \$0.1 million). For the first six months ended April 30, 2005 selling, general and administrative expenses increased by \$1.2 million, or 15.2%, compared to the same period for fiscal 2004. This increase was primarily related to higher corporate costs, including, but not limited to, costs related to implementing provisions required under Section 404 of the Sarbanes-Oxley Act (totaling approximately \$0.6 million), corporate moving expenses (totaling approximately \$0.1 million) and final expenses related to the closing our Mexicali, Mexico facility (totaling approximately \$0.1 million). Such higher corporate costs were partially offset by a decrease in employee compensation costs (totaling approximately \$0.1 million).

Other Income, net

(in thousands)	Three months ended April 30,			Six months ended April 30,		
	2005	Change	2004	2005	Change	2004
Other income, net	\$ 1,909	1,700.9%	\$ 106	\$ 1,991	805.0%	\$ 220
Percentage of net sales	3.2%		0.1%	1.8%		0.2%

Other income, net includes the gain on the sale of our corporate facility, interest income and expense generated in connection with our financing and operating activities, and certain other transactions that are outside of the course of normal operations. For the three and six months ended April 30, 2005, the gain on the sale of our corporate facility totaled approximately \$1.7 million.

Provision for Income Taxes

(in thousands)	Three months ended April 30,			Six months ended April 30,		
	2005	Change	2004	2005	Change	2004
Provision for income taxes	\$ 1,490	(4.2)%	\$ 1,556	\$ 558	(59.0)%	\$ 1,361
Percentage of income before provision for income taxes	37.7%		40.0%	37.8%		40.0%

For the first six months of fiscal 2005, our provision for income taxes was \$0.6 million, as compared to \$1.4 million recorded for the comparable prior year period. We expect our effective tax rate to approximate 38% during fiscal 2005.

Liquidity and Capital Resources

Cash provided by operating activities was \$3.2 million for the six months ended April 30, 2005, compared to \$2.0 million for the similar period in fiscal 2004. Operating cash flows for the six-months ended April 30, 2005 reflect our net income of \$0.9 million, net non-cash charges (depreciation and amortization, stock compensation expense and provision for losses on accounts receivable) of \$0.1 million and a net increase in the noncash components of our working capital of approximately \$2.2 million.

These working capital increases include an increase in payable to growers of \$4.3 million, a decrease in advances to suppliers totaling \$2.3 million, an increase in trade accounts payable and accrued expenses of \$1.8 million, and a decrease in income tax receivable of \$0.6 million, partially offset by an increase in accounts receivable of \$5.0 million and an increase in inventory of \$1.8 million.

Increases in our accounts receivable balance as of April 30, 2005, when compared to October 31, 2004, primarily reflect higher sales recorded in the month of April 2005, as compared to October 2004. The amounts in inventory and payable to our growers primarily reflect an increase in fruit delivered, partially offset by a decrease in the price per pound of California avocados marketed in the month of April 2005, as compared to October 2004. The decrease in advances to suppliers is primarily related to collections during our first six months of fiscal of 2005 on previously advanced amounts.

Cash provided by investing activities was \$2.4 million for the six months ended April 30, 2005 and related principally to the sale of our corporate facility located in Santa Ana, California.

Cash used in financing activities was \$5.1 million for the six months ended April 30, 2005 related principally to \$4.1 million of cash outflows from the payment of a dividend and repayments totaling \$1.3 million related to our short-term borrowings.

Our principal sources of liquidity are our existing cash reserves, cash generated from operations and amounts available for borrowing under our existing credit facilities. Cash and cash equivalents as of April 30, 2005 and October 31, 2004 totaled \$1.1 million and \$0.6 million. Our working capital at April 30, 2005 was \$24.0 million compared to \$20.4 million at October 31, 2004. The overall working capital increase primarily reflects an increase in our accounts receivable and inventory balances, partially offset by increases in our payable to growers and accrued expenses balances.

We believe that cash flows from operations and existing and new credit facilities will be sufficient to satisfy our future capital expenditures, grower recruitment efforts, working capital and other financing requirements. We will continue to evaluate grower recruitment opportunities and exclusivity arrangements with food service companies to fuel growth in each of our business segments. We have two short-term, non-collateralized, revolving credit facilities. These credit facilities expire in January 2006 and April 2006 and are with separate banks. Under the terms of these agreements, we are advanced funds for working capital purposes. Total credit available under the combined short-term borrowing agreements was \$24 million, with a weighted-average interest rate of 3.8% and 2.9% at April 30, 2005 and October 31, 2004. Under these credit facilities, we had no balance outstanding as of April 30, 2005 and \$3.5 million outstanding as of October 31, 2004. The credit facilities contain various financial covenants with which we were in compliance at April 30, 2005. In June 2005, we borrowed approximately \$13.5 million to finance the transaction discussed in footnote 8.

Impact of Recently Issued Accounting Pronouncements

See footnote 1 to the consolidated condensed financial statements that are included in this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our financial instruments include cash and cash equivalents, accounts receivable, loans to growers, notes receivable from shareholders, payable to growers, accounts payable, current borrowings pursuant to our credit facilities with financial institutions, and long-term, fixed-rate obligations. All of our financial instruments are entered into during the normal course of operations and have not been acquired for trading purposes. The table below summarizes interest rate sensitive financial instruments and presents principal cash flows in U.S. dollars, which is our reporting currency, and weighted-average interest rates by expected maturity dates, as of April 30, 2005.

(All amounts in thousands)	Expected maturity date April 30,				Total	Fair Value
	2005	2006	2007	2008		
Assets:						
Cash and cash equivalents (1)	\$ 1,058	\$ —	\$ —	\$ —	\$ 1,058	\$ 1,058
Accounts receivable, net (1)	26,125	—	—	—	26,125	26,125
Loans to growers (1)	152	—	—	—	152	152
Notes receivable from shareholders (3)	—	210	2,461	—	2,671	2,598
Liabilities:						
Payable to growers (1)	\$ 10,070	\$ —	\$ —	\$ —	\$ 10,070	\$ 10,070
Accounts payable (1)	2,237	—	—	—	2,237	2,237
Current borrowings pursuant to credit facilities (1)	—	—	—	—	—	—
Fixed-rate long-term obligations (3)	19	8	8	2	37	37

- (1) We believe the carrying amounts of cash and cash equivalents, accounts receivable, loans to growers, payable to growers, accounts payable, and current borrowings pursuant to credit facilities approximate their fair value due to the short maturity of these financial instruments.
- (2) Notes receivable from shareholders bear interest at 7.0%. We believe that a portfolio of loans with a similar risk profile would currently yield a return of 8.00%. We project the impact of an increase or decrease in interest rates of 100 basis points would result in a change of fair value of approximately \$71,000.
- (3) Fixed-rate long-term obligations bear interest rates ranging from 3.3% to 8.2% with a weighted-average interest rate of 5.2%. We believe that loans with a similar risk profile would currently yield a return of 5.0%. We project the impact of an increase or decrease in interest rates of 100 basis points would result in a change of fair value of approximately \$1,000.

We were not a party to any derivative instruments during the fiscal year. It is currently our intent not to use derivative instruments for speculative or trading purposes. Additionally, we do not use any hedging or forward contracts to offset market volatility.

Our Mexican-based operations transact business in Mexican pesos. Funds are transferred by our corporate office to Mexico on a weekly basis to satisfy domestic cash needs. Consequently, the spot rate for the Mexican peso has a moderate impact on our operating results. However, we do not believe that this impact is sufficient to warrant the use of derivative instruments to hedge the fluctuation in the Mexican peso. Total foreign currency gains and losses for each of the three years in the period ended October 31, 2004 do not exceed \$0.1 million.

ITEM 4. CONTROLS AND PROCEDURES

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (the “Exchange Act”), the Company’s management, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective in ensuring that information required to be disclosed in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. No change in the Company’s internal control over financial reporting occurred during the Company’s most recent fiscal quarter that materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

We are involved in litigation in the ordinary course of business, none of which we believe will have a material adverse impact on our financial position or results from operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On March 21, 2005, we held the annual meeting of shareholders of Calavo Growers, Inc. at our corporate headquarters. At the meeting, the holders of our outstanding common stock acted on the following matters:

(1) The shareholders voted on a cumulative basis for ten directors, each to serve for a term of one year. Each nominee received the following votes:

Name of Nominee	Votes For	Votes Withheld
Lecil E. Cole	24,724,802	286,427
George H. Barnes	6,857,547	306,311
Michael D. Hause	6,849,230	257,013
Donald M. Sanders	7,055,943	263,310
Fred J. Ferrazzano	8,737,604	293,899
Alva V. Snider	8,199,496	353,965
Scott Van Der Kar	8,528,753	236,840
J. Link Leavens	11,537,247	339,762
Dorcas H. McFarlane	7,881,724	337,894
John M. Hunt	8,443,071	233,422

(2) The shareholders voted for the approval of the 2005 Stock Incentive Plan of Calavo Growers, Inc. Votes cast were as follows:

For	5,838,749
Against	845,398
Abstain	235,595
Broker non-votes	3,251,684

(3) The shareholders voted for the ratification of the appointment of Deloitte & Touche LLP as our independent accountants for fiscal 2005. Votes cast were as follows:

For	10,108,783
Against	26,600
Abstain	36,043

ITEM 6. EXHIBITS

- 10.1 Stock Purchase Agreement between Limoneira Company and Calavo Growers, Inc.
- 10.2 Lease Agreement between Limoneira Company and Calavo Growers, Inc.
- 10.3 Standstill agreement among Calavo Growers, Inc., Limoneira Company and other parties.
- 10.4 Standstill agreement among Limoneira Company, Calavo Growers Inc. and other parties.
- 31.1 Certification of Chief Executive Officer Pursuant to 15 U.S.C. § 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Principal Financial Officer Pursuant to 15 U.S.C. § 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Calavo Growers, Inc.
(Registrant)

Date: June 8, 2005

By /s/ Lecil E. Cole
Lecil E. Cole
Chairman of the Board of Directors,
Chief Executive Officer and President
(Principal Executive Officer)

Date: June 8, 2005

By /s/ Arthur J. Bruno
Arthur J. Bruno
Vice President, Finance and Corporate Secretary
(Principal Financial Officer)

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
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STOCK PURCHASE AGREEMENT

between

LIMONEIRA COMPANY

and

CALAVO GROWERS, INC.

June 1, 2005

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STOCK PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into as of June 1, 2005, by and between LIMONEIRA COMPANY, a Delaware corporation (“Limco”), and CALAVO GROWERS, INC., a California corporation (“Calavo”).

RECITALS

A. Limco is engaged primarily in the business of growing and marketing avocados, citrus fruits and other specialty crops.

B. Calavo is engaged in the business of marketing fresh avocados and processed avocado products throughout the U.S.A.

C. Limco and Calavo desire to form a strategic alliance by each purchasing shares of common stock of the other as provided herein and by carrying out the further transactions and activities provided for herein.

AGREEMENT

NOW, THEREFORE, as the parties agree as follows:

ARTICLE 1

DEFINITIONS

In addition to the meanings ascribed to certain terms elsewhere in this Agreement, for purposes of this Agreement:

“Accredited Investor” has the meaning set forth in Regulation D promulgated under the Securities Act.

“Adverse Consequences” means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys’ fees and expenses.

“Affiliate” has the meaning set forth in Rule 12b-2 of the regulations promulgated under Securities Exchange Act.

“Basis” means any past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction that forms or could form the basis for any specified consequence.

“Calavo Shares” shall mean the 1,000,000 shares of newly-issued common stock, \$.001 par value per share, of Calavo to be purchased by Limco as provided in Article 3 hereof.

“COBRA” means the requirements of Part 6 of Subtitle B of Title I of ERISA and Code §4980B and of any similar state law.

“Code” means the Internal Revenue Code of 1986, as amended.

“Confidential Information” means any information concerning the business and affairs of either party not already generally available to the public.

“Employee Benefit Plan” means any “employee benefit plan” (as such term is defined in ERISA §3(3)) and any other material employee benefit plan, program or arrangement of any kind.

“Employee Pension Benefit Plan” has the meaning set forth in ERISA §3(2).

“Employee Welfare Benefit Plan” has the meaning set forth in ERISA §3(1).

“Environmental, Health, and Safety Requirements” shall mean all federal, state, local and foreign statutes, regulations, ordinances and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law concerning public health and safety, worker health and safety, and pollutions or protection of the environment, including without limitation all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or by products, asbestos, polychlorinated biphenyls, noise or radiation, each as amended and as now or hereafter in effect.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means each entity which is treated as a single employer with Limco or Calavo for purposes of Code §414.

“Fiduciary” has the meaning set forth in ERISA §3(21).

“Financial Statements” has the meaning set forth in Sections 10.7 and 11.7 below.

“GAAP” means United States generally accepted accounting principles as in effect from time to time.

“Initial Closing” has the meaning set forth in Article 9 below.

“Initial Closing Date” has the meaning set forth in Article 9 below.

“Intellectual Property” means (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, trade names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (d) all mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets and confidential business information (including software and source codes, ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (including data and related documentation), (g) all other proprietary rights, (h) all web domain names and websites and all registrations and applications associated therewith, and all its derivatives, and (i) all copies and tangible embodiments thereof (in whatever form or medium).

“Knowledge” means actual knowledge after reasonable inquiry of internal personnel deemed appropriate by the Party making the inquiry.

“Leased Real Property” means all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures or other interest in real property held by either Limco or Calavo.

“Leases” means all leases, subleases, licenses, concessions and other agreements (written or oral), including all amendments, extensions, renewals, guaranties and other agreements with respect thereto, pursuant to which Limco or Calavo holds any Leased Real Property.

“Liability” means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due).

“Limco Shares” means the 172,857 shares of newly issued common stock, \$.01 par value per share, of Limco to be purchased by Calavo as provided in Article 2 hereof.

“Material Adverse Change or Condition” means any occurrence or condition or series of related occurrences or conditions not disclosed in the Financial Statements or Most Recent Financial Statements of either party or, in the case of Calavo, Calavo’s Securities Exchange Act reports that would individually or cumulatively reduce by Five Hundred Thousand Dollars (\$500,000) or more the results of operations, financial condition or value of the assets, or properties of either party.

“Mission” means Mission Produce, Inc., a California corporation.

“Mission Closing” has the meaning set forth in Article 9 below.

“Mission Shares” means the 547,452 shares of common stock of Mission which Limco has the right to put to Calavo as provided in Article 4 hereof, if Limco does not sell them to Mission.

“Most Recent Financial Statements” has the meaning set for in Sections 10.7 and 11.7 below.

“Most Recent Fiscal Month End” has the meaning set forth in Sections 10.7 and 11.7 below.

“Multiemployer Plan” has the meaning set forth in ERISA §3(37).

“Ordinary Course of Business” means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

“Party” means either Limco or Calavo as the case may be.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Person” means any individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, a limited liability company, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

“Prohibited Transaction” has the meaning set forth in ERISA §406 and Code §4975.

“Reportable Event” has the meaning set forth in ERISA §4043.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Security Interest” means any mortgage, pledge, lien, encumbrance, charge or other security interest, other than (a) mechanic’s, materialmen’s, and similar liens, (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

“Subsidiary” means (i) any corporation with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the common stock or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors or (ii) any limited liability company with respect to which a person owns a majority of the voting power and/or interest in profits and losses.

“Tax” means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code §59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

“Tax Return” means any return, declaration, report, claims for refund, information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

ARTICLE 2

PURCHASE AND SALE OF LIMCO SHARES

Limco agrees to sell and Calavo agrees to purchase the Limco Shares, free and clear of all liens, encumbrances or claims of others, for the cash purchase price of \$23,450,000. Such purchase price shall be paid by Calavo at the Initial Closing by means of a wire transfer of immediately available funds to an account designated by Limco.

ARTICLE 3

PURCHASE AND SALE OF CALAVO SHARES

Calavo agrees to sell and Limco agrees to purchase the Calavo Shares, free and clear of all liens, encumbrances or claims of others, for the purchase price of \$10,000,000. Such purchase price shall be paid by Limco at the Initial Closing by means of a wire transfer of immediately available funds to an account designated by Calavo.

ARTICLE 4

PURCHASE AND SALE OF MISSION SHARES

Calavo and Limco acknowledge and agree that the Mission Shares are subject to certain rights of first refusal set forth in a Shareholder Agreement dated June 5, 1990 and may not be sold unless both the issuer, Mission and its shareholders waive or fail to exercise their respective rights of first refusal and the merger or other business combination transaction have not been agreed to by Calavo and Mission. Mission has entered into an agreement to repurchase the Mission Shares from Limco on or before June 15, 2005. In the event that Mission fails to repurchase the Mission Shares and subject to the condition that the rights of first refusal with respect to the Mission Shares are either waived or not exercised in a timely fashion, and subject to the terms and conditions of Section 9.4, Limco agrees to sell and Calavo agrees to purchase the Mission Shares, free and clear of all liens, encumbrances or claims of others, for a cash purchase price of \$5,474,520. Such purchase price shall be paid by Calavo to Limco at the Mission Closing by means of a wire transfer of immediately available funds to an account designated by Limco. Limco represents and warrants to Calavo that (i) Limco owns the Mission Shares free and clear of all liens, security interests and other encumbrances, and has the right to sell the Mission Shares to Calavo on the terms described in this Agreement, subject to the rights of first refusal set forth in the Shareholder Agreement dated June 5, 1990, and (ii) to Limco's knowledge, the Mission Shares constitute 20.7% of the outstanding capital stock of Mission Produce, Inc.

ARTICLE 5

OFFICE LEASE

On or before the Initial Closing Date, Limco and Calavo shall execute and deliver to each other a Lease Agreement in the form of that attached hereto as Exhibit 5 hereof, pursuant to which Calavo agrees to lease from Limco approximately 9,490 square feet of office space in Limco's Ranch Headquarters for a period of ten years at an initial annual gross rental of \$207,226.

ARTICLE 6

FRUIT COMMITMENT AGREEMENT

At the Initial Closing, Limco and Calavo shall execute and deliver to each other a letter agreement, to be in form and substance reasonably satisfactory to each Party, regarding the marketing of Limco's avocados by Calavo.

ARTICLE 7

JOINT DEVELOPMENT OF PACKING HOUSE

Following the Initial Closing, Limco and Calavo shall use their good faith reasonable efforts to maximize avocado packing efficiencies for both parties by consolidating their fruit packing operations. Possible opportunities to be considered will include:

- (1) Cross dock and storage arrangement in Limco's existing facilities
- (2) Investment in Limco's existing vacant orange packing house
- (3) Investment in an addition to Limco's existing lemon packing facility
- (4) Investment in a new consolidated facility for both parties at Limco

Any such joint investment that is agreed to by Calavo and Limco shall provide a reasonable rate of return to the party or parties providing land equipment and/or capital.

ARTICLE 8

STANDSTILL AGREEMENTS

Calavo, together with its executive officers and directors (collectively "Calavo Affiliates"), shall execute and deliver at the Initial Closing, one or more counterparts of a "Standstill Agreement" in the form of Exhibit 8A hereof, pursuant to which (i) Calavo agrees that it will not, without the prior written approval of Limco's Board of Directors, purchase or enter into any transaction whereby Calavo will acquire cumulatively twelve and six tenths percent (12.6%) of the capital stock of Limco in addition to the Limco Shares being acquired hereunder and (ii) Calavo and the Calavo Affiliates agree that they will not, individually or collectively, themselves or together with any third party or parties form a "group" as defined in the Securities Exchange Act for the purpose of acquiring voting control and/or beneficial ownership of a majority of Limco's capital stock. Limco, together with its executive officers and directors (collectively "Limco Affiliates"), shall execute and deliver at the Initial Closing, one or more counterparts of a "Standstill Agreement" in the form of Exhibit 8B hereof, pursuant to which (i) Limco agrees that it will not, without the prior written approval of Calavo's Board of Directors, purchase or enter into any transaction whereby Limco will acquire cumulatively twelve and six tenths percent (12.6%) of the capital stock of

Calavo in addition to the Calavo Shares being acquired hereunder and (ii) Limco and the Limco Affiliates agree that they will not, individually or collectively, themselves or together with any third party or parties form a “group” as defined in the Securities Exchange Act for the purpose of acquiring voting control and/or beneficial ownership of a majority of Calavo’s capital stock.

ARTICLE 9

THE INITIAL CLOSING AND THE MISSION CLOSING

9.1 Initial Closing and Initial Closing Date. Subject to the conditions to closing set forth herein, the consummation of the transactions contemplated by this Agreement (other than the sale of the Mission Shares) shall be effected at a closing (the “Initial Closing”) at 10:00 a.m., Pacific Daylight Savings Time, on a date, agreed to by Calavo and Limco that is not more than 5 days following the satisfaction or waiver of the Initial Closing conditions described in Articles 14 and 15. The Initial Closing shall take place at the Ranch Headquarters of Limco at 1141 Cummings Road, Santa Paula, California 93060. The Initial Closing may also take place at such other time and place as Limco and Calavo may mutually agree. All transactions effected at the Initial Closing, unless otherwise specifically agreed in writing, shall be effective on and as of the Initial Closing Date.

9.2 Deliveries by Limco at the Initial Closing. At the Initial Closing, Limco shall deliver to Calavo:

(a) Limco Shares. The purchase price for the Calavo Shares and one or more certificates evidencing the Limco Shares duly executed and issued in the name of Calavo; together with a completed and signed form of Notice of Transaction Pursuant to Corporations Code Section 25102(f). The Limco Shares will be “restricted securities” under federal and state securities laws and will be issued with a legend restricting any form of transfer for a period of one year from issuance and thereafter only pursuant to an exemption from registration and an opinion of counsel reasonably acceptable to Limco that an exemption from registration is available with respect to the proposed transfer. Such legend shall also reference Limco’s right of first refusal provided for in Article 16 hereof.

(b) Office Lease. A duly executed counterpart of the Office Lease in the form of Exhibit 5 hereof.

(c) Avocado Marketing Letter Agreement. A duly executed counterpart of the avocado marketing letter agreement referred to in Article 6.

(d) Certificates. A copy of the resolutions adopted by Limco’s Board of Directors authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, certified by an officer of Limco; a certificate of incumbency of Limco in form and substance reasonably satisfactory to Calavo or its counsel; and the Certificate of the Chief Executive Officer of Limco described in Section 15.7.

(e) Certificate of Public Official. A certificate, dated not more than five (5) days prior to the Initial Closing Date, of the Secretary of the State of Delaware certifying that Limco is a corporation in good standing as a domestic corporation and has paid all corporation taxes payable in that jurisdiction.

(f) Standstill Agreements. Duly executed counterparts of the two Standstill Agreements in the form of Exhibits 8A and 8B hereof, executed by the Persons described in Articles 8 above.

(g) Other Documents. The Certificate of Incorporation and Bylaws of Limco, as amended to date, and all other documents and instruments which, in the reasonable opinion of Calavo or its counsel, will be necessary to effectuate the terms and conditions of this Agreement, the obligations of Limco hereunder, and the consummation of the transaction contemplated hereby.

9.3 Deliveries by Calavo at the Initial Closing. At the Initial Closing, Calavo shall deliver to Limco:

(a) Purchase Price. The purchase price for the Limco Shares.

(b) Calavo Shares. One or more certificates, evidencing the Calavo Shares, duly executed and issued in the name of Limco, together with a completed and signed Form D. The Calavo shares will be “restricted securities” under federal and state securities laws and will be issued with a legend restricting any form of transfer for a period of one year from issuance and thereafter only pursuant to an exemption from registration and an opinion of counsel,

reasonably acceptable to Calavo that an exemption from registration is available with respect to the proposed transactions. Such legend shall also reference Calavo's right of first refusal provided in Article 16 hereof.

(c) Office Lease. A duly executed counterpart of the Office Lease in the form of Exhibit 5 hereof.

(d) Avocado Marketing Letter Agreement. A duly executed counterpart of the avocado marketing letter agreement referred to in Article 6.

(e) Standstill Agreements. Duly executed counterparts of the two Standstill Agreements in the form of Exhibits 8A and 8B hereof, executed by the Persons described in Article 8 above.

(f) Certificates. A copy of the resolutions adopted by Calavo's Board of Directors authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, certified by an officer of Calavo; a certificate of incumbency of Calavo in form and substance reasonably satisfactory to Limco or its counsel; and the Certificate of the Chief Executive Officer of Calavo described in Section 14.7.

(g) Certificate of Public Official. A Certificate, dated not more than five (5) days prior to the Initial Closing Date, of the California Secretary of State certifying that Calavo is in good standing as a domestic corporation of that state and has paid all corporation taxes payable in that state.

(h) Other Documents. The Articles of Incorporation and Bylaws of Calavo, as amended to date, and any and all other documents and instruments which, in the reasonable opinion of counsel to Limco, will be necessary to effectuate the terms and conditions of this Agreement and the obligations of Calavo hereunder.

9.4 Mission Closing and Mission Closing Date. Calavo and Mission may reopen their negotiations regarding a possible acquisition of Mission by Calavo or other business combination transaction between those two entities. In order to facilitate such potential negotiations, Limco and Calavo have agreed that if Mission fails to repurchase the Mission Shares from Limco, Calavo and Limco may postpone the sale of the Mission Shares by Limco to Calavo for a limited period of time. Accordingly, Limco may, in its sole discretion, postpone the closing for the purchase and sale of the Mission Shares (the "Mission Closing") to a date not later than 180 days following the Initial Closing Date designated by Limco to Calavo in writing not less than 75 days in advance (the "Mission Closing Date"). In the event that Calavo and Mission enter into a binding agreement prior to the Mission Closing Date for a merger or other business combination of such entities and/or their affiliates, either prior or subsequent to Limco's designation of the Mission Closing Date, Limco may, at its sole election, either proceed with the Mission Closing on the sale of the Mission Shares to Calavo for a cash purchase price of \$5,474,520 or dispose of the Mission Shares through the merger or other business combination of Calavo and Mission. At the Mission Closing, (i) Limco shall deliver to Calavo one or more certificates representing the Mission Shares, duly endorsed or accompanied by executed instruments of transfer sufficient to transfer title to the Mission Shares to Calavo beneficially and of record and free and clear of all liens and encumbrances other than the obligations thereafter imposed upon Calavo by the Shareholder Agreement dated June 5, 1990, and (ii) Calavo shall deliver to Limoniera the purchase price for the Mission Shares in the amount of \$5,474,520, by wire transfer to an account designated by Limco.

ARTICLE 10

REPRESENTATIONS AND WARRANTIES OF LIMCO

Limco makes the following representations and warranties to Calavo, subject to and qualified by any fact or facts disclosed in the Schedules that are provided to Calavo as required in this Agreement. Disclosure of an item in a Schedule corresponding to a particular Section in this Agreement shall, should the existence of the item or its

contents be relevant to any other Section, be deemed to be disclosed in that other Section whether or not an explicit cross-reference appears as long as it is reasonably apparent that such disclosure applies to any such other Section.

10.1 Organization and Qualification of Limco. Limco is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to own or lease and to operate its properties and to carry on its business as now being conducted. The copies of the Certificate of Incorporation, as amended to date, certified by the Delaware Secretary of state, and of the Bylaws of Limco, certified by the Secretary of Limco to be delivered to Calavo at the Initial Closing, will be complete and correct as of the Initial Closing Date.

10.2 Capitalization of Limco and Subsidiaries. The authorized capital stock of Limco consists of 3,000,000 shares of Common Stock, par value \$.01 per share of which 975,171 shares are issued and outstanding, and 100,000 shares of Preferred Stock, par value \$100.00 per share, of which no shares of Series A and 30,000 shares of Series B are issued and outstanding. There are no treasury shares. Except as set forth in Schedule 10.2 hereto, there are no outstanding options, warrants, scripts, rights to subscribe to or commitments or agreements of any character whatsoever relating to or securities or rights convertible into or exchangeable for, shares of capital stock or other securities or interest in profits of Limco or any Limco Subsidiary, and there are no contracts, commitments, understandings, arrangements or restrictions by which Limco or any Limco Subsidiary is now or in the future would be bound to issue any additional shares of capital stock, other securities or interests in profits. All issued and outstanding shares of capital stock of Limco and each Limco corporate Subsidiary are duly authorized, validly issued, fully paid and nonassessable. All voting rights in Limco and each Limco Subsidiary are vested exclusively in common stock. On the Initial Closing Date, the Limco Shares will be newly issued and free of all liens and encumbrances. On the Initial Closing Date, the stock ownership of Limco's Subsidiaries will be as set forth in Schedule 10.3 hereto and will be free of all liens and encumbrances. None of the Limco Common Stock or Preferred Stock is entitled to any preemptive right; and Limco's Certificate of Incorporation and Bylaws do not provide Limco with a right of first refusal to purchase any Limco Common Stock or restrict the sale or other transfer of any Limco Common Stock.

10.3 Subsidiaries. Schedule 10.3 hereto lists each corporation, limited liability company and other entity, which Limco controls directly or indirectly or in which Limco has an ownership interest, direct or indirect, of record or beneficially, whether in capital stock or other equity security, each of which is referred to in this Agreement as a Subsidiary. Except as set forth in Schedule 10.3. Limco does not own, directly or indirectly, any capital stock or other equity securities of any corporation or have any direct or indirect equity or ownership interest in any business entity including, without limitation, business vehicles in the nature of joint ventures and partnerships. Each Limco Subsidiary is duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization, and has the power and authority to own its properties and to carry on its business as now conducted. Each Limco Subsidiary is duly licensed, authorized or qualified to transact business in, and is in good standing in each jurisdiction in which the properties owned or leased or the activities conducted by it makes such licensing, authorization or qualification necessary, except where the failure to be so licensed, authorized qualified or the failure to be in such good standing would not have a material adverse effect on the business, financial condition or operations of Limco and its Subsidiaries taken as a whole. Schedule 10.3 hereto lists, for each Limco Subsidiary, its form of organization, if it is a corporation, the number of shares of capital stock or other equity securities authorized, issued and outstanding, and the holders of record and beneficially of all issued capital stock or other equity securities.

10.4 Power and Authority. Limco has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Limco and the consummation by Limco of the transactions contemplated hereby have been duly authorized by the Board of Directors of Limco and no other corporate proceedings on the part of Limco are necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Limco and, assuming this Agreement constitutes a valid and binding obligation of Calavo, constitutes a valid and binding obligation of Limco, enforceable against Limco in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights in general and except to the extent that the availability of equitable

remedies, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought.

10.5 Investment. Limco understands that the Calavo Shares have not been, and will not be, registered under the Securities Act or under any state securities law, and are being offered and sold in reliance upon federal and state exemptions for a transaction not involving any public offering. Limco (1) is acquiring the Calavo Shares solely for its own account for investment purposes, and not with a view to the distribution thereof, (2) is a sophisticated investor with knowledge and experience in business and financial matters, (3) has received certain information concerning Calavo and has had the opportunity to obtain additional information as desired in order to evaluate the merits and the risks inherent in holding the Calavo Shares, (4) is able to bear the economic risk and lack of liquidity inherent in holding the Calavo Shares, and (5) is an Accredited Investor. Limco's representations and warranties in this Section 10.5 shall not be construed as prohibiting it from selling or otherwise transferring the Calavo Shares at any time subsequent to the first anniversary of the Initial Closing in compliance with applicable federal and state securities laws and regulation and in compliance with the right of first refusal contained in Section 16.2

10.6 No Violation or Conflict. Neither the execution and delivery of this Agreement by Limco nor the consummation of the transactions contemplated hereby nor compliance by Limco with any of the provisions hereof will violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any lien upon any of the properties or assets of Limco or any Limco Subsidiary under any of the terms, conditions or provisions of (i) the Certificate or Articles of Incorporation or the Bylaws of Limco or any Limco Subsidiary, or (ii) any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Limco or any Limco Subsidiary is a party or to which they or any of their respective properties or assets may be subject, or (iii) statute, regulation, judgment, ruling, order, writ, injunction, decree, rule or regulation applicable to Limco or any Limco Subsidiary or any of their respective properties or assets, except for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of liens which, individually or in the aggregate, would not have any material adverse effect on the business, operations or financial conditions of Limco and the Limco Subsidiaries taken as a whole.

10.7 Financial Statements. Except as set forth in Schedule 10.7, the consolidated audited financial statements of Limco and the Limco Subsidiaries for the fiscal year ended October 31, 2004, consisting of the consolidated balance sheet as of such date and the related statements of operations, changes in stockholders' equity and cash flows for the year then ended (the "Financial Statements"), which Financial Statements and the opinion of Deloitte and Touche thereon dated February 8, 2005, have been furnished to Calavo, present fairly in all material respects, the financial position of Limco as of such date and the results of operations and cash flows for the year then ended, in accordance with GAAP, applied on a consistent basis throughout such period. Except as set forth in Schedule 10.7, the Financial Statements, and all accompanying exhibits and schedules were true complete and correct in all respects as of the dates thereof, were prepared in accordance with GAAP, applied on a consistent basis throughout such period, except as otherwise stated therein, and presented fairly the financial position as at the date of, and the results of operations for the periods covered by, such statements of Limco and the Limco Subsidiaries. The unaudited consolidated and consolidating balance sheets and statements of income changes in stockholders equity and cash flow (the "Most Recent Financial Statements") of Limco as of and for the months ending April 30, 2005 ("Most Recent Fiscal Month") have not been prepared in accordance with GAAP, but nevertheless present fairly, in all material respects, the financial condition of Limco as of such date and the result of operations of Limco for such periods and are consistent with the books and records of Limco. Limco's management has disclosed, based on its most recent evaluation to Limco's auditors and the audit committee of Limco's Board of Directors, (i) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Limco's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involved management or other employees who have a significant role in Limco's internal control over financial reporting.

10.8 Absence of Certain Changes or Events. Except as and to the extent contemplated by this Agreement, since the date of the Most Recent Financial Statements, Limco has conducted its business only in the ordinary course, and there has not been, with respect to Limco, (a) any material adverse change in or to such business, (b) any material damages, destruction or loss (whether covered by insurance or not), (c) any material change by Limco in accounting

methods, principles or practices; or (d) any commitment, agreement or understanding respecting any employee of Limco which has or would have the effect of increasing such employee's compensation or benefits other than in accordance with past Limco policies.

10.9 Title to Assets. Limco owns and has title to its properties and assets as reflected in the Financial Statements, subject to no material liens, mortgages, pledges, encumbrances or charges of any kind, except as disclosed in the Financial Statements or as disclosed in Schedule 10.9, and except for non-delinquent liens for current taxes and assessments. All leases by which Limco or its Subsidiaries lease real or personal property are in good standing and are valid and effective in accordance with their respective terms, and there exists no material default or other occurrence or condition which would result in a material default or termination of any of those leases.

10.10 Material Contracts. Set forth in Schedule 10.10 is a true and correct list of (i) all plans, contracts or understandings providing for bonuses, pensions, options, deferred compensation, retirement payments, royalty payments, profit sharing or similar understandings with respect to any present or former officer, director or consultant, (ii) any contract or agreement with any labor union, (iii) any contract for the future purchase, acquisition or sale of products or rights to products or performance of services over a period of more than three months from the date hereof not made in the ordinary course of business, (iv) all leases of real property, including all amendments and modifications, (v) any contract containing covenants limiting the freedom of Limco or any of the Limco Subsidiaries to compete in any line of business or with any person; and (vi) every other contract to which Limco or any of its Subsidiaries is a party which could reasonably be expected to result in annual payments by or to Limco or any of its Subsidiaries in excess of Two Hundred Thousand Dollars (\$200,000) or cumulative payments by or to or any of the Limco Subsidiaries in excess of Two Hundred Thousand Dollars (\$200,000), except for contracts entered into in the ordinary course of business which are terminable upon less than thirty (30) days' notice by either party thereto without penalty or liability (collectively, "Material Contracts"). Limco heretofore has delivered or made available to Calavo true and correct copies of all Material Contracts. Neither Limco nor any of its Subsidiaries is in default or breach, and no event has occurred or shall occur by reason of the transactions contemplated herein which would constitute a default or breach, where such default or breach would entitle another party thereto to accelerate or terminate such Material Contract or otherwise impose a material penalty or forfeiture thereunder (whether with or without notice, lapse of time or the happening or occurrence of any other event), under any Material Contract. All Material Contracts are valid and binding agreements, and to the knowledge of Limco, there are no facts or circumstances which make a default under any Material Contract by any party thereto likely to occur subsequent to the date hereof.

10.11 Compliance with Applicable Laws. Except as set forth in Schedule 10.11, and except for possible violations which individually or in the aggregate do not, and insofar as reasonably can be foreseen, in the future will not, have a material adverse effect on Limco, Limco and the Limco Subsidiaries are in compliance with all requirements of law, federal, state or local, and of all governmental bodies or agencies having jurisdiction over it or the conduct of its business. Limco is not presently charged with, nor to its knowledge, is Limco under any investigation or the subject of any threatened proceeding with respect to any violation of any statute, law, ordinance, rule or regulation relating to Limco.

10.12 Litigation and Liabilities. Except as disclosed in Schedule 10.12, there are no actions, suits, investigations or proceedings pending or, to the knowledge of Limco threatened against Limco or any Limco Subsidiary; nor, to the knowledge of Limco, are there any facts or circumstances that could reasonably be expected to result in a claim for damages that, if adversely determined, would be reasonably likely to result in any claims against or obligations or liabilities of Limco or any of the Limco Subsidiaries that, alone or in the aggregate, would have any material adverse effect on Limco.

10.13 Brokers, Finders, Investment Bankers and Financial Advisors. No broker, finder, investment banker or financial advisor is entitled to any brokerage, finder's or other fee or commission from Limco in connection with the transactions contemplated by this Agreement based upon arrangement made by or on behalf of Limco.

10.14 Labor Relations. To Limco's knowledge, it has not engaged in any unfair labor practice, and has not illegally discriminated on the bases of age or sex in its employment conditions or practices. Except as set forth in Schedule 10.14, there are no unfair labor practice grievances or age or sex discrimination complaints pending, or, to Limco's knowledge, threatened against Limco before any governmental entity and, to the knowledge of Limco, no basis therefore.

10.15 Environmental Matters.

(a) There is no civil, criminal or administrative action, suit, claim, notice of violation or proceeding pending or, to Limco's knowledge, threatened against Limco respecting the storage, use, release or burial of a hazardous substance (for the purposes of this Agreement, as defined under any applicable federal, state or local statute, rule, regulation or other law and whether solid, liquid or gaseous) on, from or under premises occupied by Limco.

(b) To Limco's knowledge, it has no liability (absolute, accrued, contingent or otherwise), including, without limitation, clean-up obligations or liabilities to third parties for personal injuries or other torts, for any contamination of air, soil or water with hazardous substances.

(c) Limco is, to its knowledge, operating its business in material compliance with all Environmental Health and Safety Requirements.

10.16 Intellectual Property. Schedule 10.16 hereto contains an accurate and complete list of all intellectual property (the "Intellectual Property") owned by or licensed to Limco, together with registration data where applicable and descriptive identification as appropriate. Limco owns or has the right to use all of the Intellectual Property used in or necessary for the conduct of its business as now conducted, without any known material infringement upon, or conflict with the rights of, or claim of ownership or other rights by, any other person. Limco has received no written notice of any claimed infringement or conflict with respect to any of the foregoing.

10.17 Permits. Limco and each Limco Subsidiary hold licenses, certificates, permits, franchises and rights from all appropriate persons, governmental entities and public authorities necessary for the conduct of their respective businesses as now conducted, except where the failure to obtain the same would not have a material adverse effect on the business operations or financial condition of Limco. Neither the execution or delivery of this Agreement nor the consummation of the transactions contemplated herein will result in the termination of any license, certificate, permit, franchise or right held by Limco or any Limco Subsidiary.

10.18 Liabilities and Disclosure. Limco has no material liabilities of any nature, whether accrued, absolute, contingent or otherwise (including, without limitation, liabilities as guarantor or otherwise with respect to obligations of others), except as stated or adequately reserved against in the Financial Statements, disclosed in the Schedules hereto, or incurred in the ordinary course of business after April 30, 2005. There is, to Limco's knowledge, no fact which, in its reasonable judgment and belief, does or might materially and adversely affect the business, prospects, condition, affairs or operations of Limco or any Limco Subsidiary or any of their properties or assets which has not been set forth in this Agreement or the Schedules.

10.19 Changes. Except as set forth on Schedule 10.19, since the Most Recent Financial Statements, there has not been any material adverse change in the business, financial conditions, results of operations or prospects of Limco or any Limco Subsidiary, except such changes which could not, individually or in the aggregate, have a material adverse effect on the business, financial condition or results of operations of Limco or and Limco Subsidiaries.

10.20 Tax Returns and Payments. Except as set forth in Schedule 10.20, Limco and its Subsidiaries have timely filed all federal, state, and local tax returns which were required to be filed by or with respect to Limco or any of the Limco Subsidiaries, and have paid or, where payment is not yet required, have established adequate tax reserves for the payment of all Taxes with respect to the periods covered by such returns. Nether Limco nor any of the Limco Subsidiaries have consented to any waiver or extension of any statute of limitations relating to the assessment or collection of any federal, state or local Tax. There are no deficiency assessments against Limco or any of the Limco Subsidiaries.

10.21 Insurance Policies. Schedule 10.21 sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which Limco has been a party, a named insured, or otherwise the beneficiary of coverage at any time from fiscal year 2003 to the date hereof:

(a) the name of the insurer, the name of the policyholder, and the name of each covered insured;

(b) the policy number and the period of coverage;

(c) the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and

(d) a description of any retroactive premium adjustment or other loss-sharing arrangements. With respect to each such insurance policy: (1) the policy is legal, valid, binding, enforceable, and in full force and effect; (2) the policy will continue to be legal, valid, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby; (3) neither Limco nor any other party to the policy is in breach or default (including with respect to the payment of premiums or the giving of notices), and no

event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination, modification, or acceleration, under the policy; and (4) no party to the policy has repudiated any provision thereof. Schedule 10.21 also describes any self-insurance arrangements affecting any of Limco's properties or operations.

10.22 Employee Benefit Plans.

(a) Schedule 10.22 contains a true and complete list of all of the following agreements, arrangements, practices, or plans, whether written or oral, which are presently in effect with respect to Limco and under which Limco continues to have liability or obligations thereunder: (i) "employee pension benefit plans" and "employee benefit plans" as defined respectively in Section 3(2) and 3(3) of ERISA, including "multiemployer" plans as defined in Section 3(37) of ERISA, or a "multiple employer" plan within the meaning of Section 4063 or 4064 of ERISA; and (ii) any other pension, profit sharing, supplemental unemployment, retirement, deferred compensation, stock purchase, stock option, incentive, bonus, vacation, severance, disability, hospitalization, medical insurance or other employee benefit plans, practice, policies, arrangements, or programs for the benefit of any employee, former employee, director, or agent of Limco or any Limco Subsidiary, whether or not any of the foregoing is funded, whether formal or informal, and whether or not subject to ERISA. (The plans or programs described in clauses (i) and (ii) are herein collectively referred to as the "Limco Plans.") Limco has delivered or made available to Calavo true and complete copies of all (a) Limco Plans, related trust arrangements and funding arrangements and any amendments thereto, (b) the most recent summary plan descriptions, together with the most recent summary material modifications required under ERISA with respect to each Limco Plan, (c) the most recent annual reports (series 5500 and schedules thereto) required under ERISA with respect to each Limco Plan, (d) the two most recent actuarial valuations, if applicable, prepared for any Limco Plan, (e) the most recent IRS determination letters with respect to each Limco Plan, and (f) all material employer communications relating to each such Limco Plan.

(b) Limco and its Subsidiaries are in material compliance with the requirements prescribed by any and all statutes, orders, governmental rules or regulations applicable to the Limco Plans, and all reports and disclosures relating to the Limco Plans required to be filed with or furnished to governmental agencies, participants or beneficiaries prior to the Initial Closing Date have been or will be filed or furnished in a timely manner and in accordance with applicable law.

(c) Except as described in Schedule 10.22, neither Limco nor any Limco Subsidiary has ever contributed or been required to contribute to any multiemployer plan as defined in Section 3(37) of ERISA.

(d) Neither Limco, any Limco Subsidiary nor any other “disqualified person” or “party in interest” (as defined in Section 4975 of the Code and Section 3 of ERISA), has engaged in any “prohibited transaction” as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could subject any of the Limco Plans (or their related trusts), Limco, any Limco Subsidiary or any officer, director, or employee of Limco or any Limco Subsidiary or any trustee, administrator or any other fiduciary of any of the Limco Plans to tax or penalty imposed under Section 4975 of the Code or Section 502 of ERISA.

(e) Except as set forth in Schedule 10.22, there are no material actions, audits, suits or claims pending (other than routine claims for benefits) or, to the best knowledge of Limco, threatened, against any of the Limco Plans or any fiduciary of any of the Limco Plans or against the assets of any of the Limco Plans.

(f) Except as set forth in Schedule 10.22, Limco and its Subsidiaries have no obligation or liability to any retired or former employee under any disability (long or short term), hospitalization, medical, dental or life insurance plans (whether insured or self-insured) or other employee welfare plan as defined in ERISA Section 3(1) maintained by Limco and its Subsidiaries, other than as required by COBRA.

(g) Each “group health plan” (within the meaning of Section 5000(b)(1) of the Code) maintained by Limco or any of its affiliates has, as of the first day of each group health plan’s first plan year beginning on or after July 1, 1986, been administered in compliance with the continuation coverage requirements contained in and as provided under Section 4980B of the Code and any regulations promulgated or proposed thereunder.

(h) Except as set forth in Schedule 10.22, no payment which will be or may be made by Limco to any employee, former employee, director or agent thereof will or could be characterized as an “excess parachute payment: within the meaning of Section 280G(b)(1) of the Code and by reason of the transactions contemplated herein.

(i) Limco, to its knowledge, (i) is in compliance with all applicable federal and state laws, rules and regulations respecting employment, employment practices, terms and conditions of employment and wages and hours, in each case, with respect to employees and former employees of Limco, (ii) has withheld all amounts

required by law to be withheld from the wages, salaries and other payments to employees and former employees of Limco, and (iii) is not liable for any arrearages of wages or any taxes or any penalty to comply with any of the foregoing, except for such noncompliance, failure to withhold or liability which would not individually or in the aggregate have a material adverse effect on Limco and its Subsidiaries taken as a whole.

(j) Except as set forth in Schedule 10.22, neither the execution of this Agreement nor the performance of the transactions contemplated herein will (either alone or upon the occurrence of an additional event) constitute an event under any Limco Plan that will or may result in any payment, acceleration, vesting or increase in benefits with respect to any employee, former employee, or director of Limco.

(k) Limco has made, and makes, no representations or warranties respecting the adequacy of estimates of or reserves (if any) for post-retirement medical benefits for employees.

10.23 Foreign Corrupt Practices Act. Neither Limco nor any Limco Subsidiary has made or offered or agreed to offer anything of value to any foreign government official, political party or candidate for governmental office nor have they taken any action which would cause Limco or any Limco Subsidiary to be in violation of Sections 103b or 104 of the Foreign Corrupt Practices Act of 1977, as amended.

10.24 Sarbanes-Oxley Compliance. Inasmuch as Limco is not a reporting company under the Securities Exchange Act, it is not obligated to comply with the Sarbanes-Oxley Act of 2002. Limco is not required by applicable laws and regulations to register its Common Stock under Section 12(g) of the Securities Exchange Act.

10.25 Transferability of the Limco Shares. Subject to compliance with the right of first refusal granted to Limco in Section 16.1: beginning on the first anniversary of the Initial Closing Date, Calavo shall have the same right and ability as other stockholders of Limco to sell the Limco Shares on the Pink Sheets (or on any stock exchange, Nasdaq market or OTC Bulletin Board on which Limco's Common Stock is then traded) in accordance with the terms and conditions of Rule 144 under the Securities Act; and beginning on the second anniversary of the Initial Closing Date, the Limco Shares will be freely transferable by Calavo in accordance with Rule 144(k) under the Securities Act.

ARTICLE 11

REPRESENTATIONS AND WARRANTIES OF CALAVO

Calavo makes the following representations and warranties to Limco, subject to and qualified by any fact or facts disclosed in the Schedules that are provided to Limco as required in this Agreement. Disclosure of an item in a Schedule corresponding to a particular Section in this Agreement shall, should the existence of the item or its contents be relevant to any other Section, be deemed to be disclosed in that other Section whether or not an explicit cross-reference appears as long as it is reasonably apparent that such disclosure applies to any such other Section.

11.1 Organization and Qualification of Calavo. Calavo is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California and has the requisite corporate power and authority to own or lease and to operate its properties and to carry on its business as now being conducted. The copies of the Articles of Incorporation, as amended to date, certified by the California Secretary of State, and of the Bylaws of the Calavo,

certified by the Secretary of the Calavo to be delivered to Limco at the Initial Closing, will be complete and correct as of the Initial Closing Date.

11.2 Capitalization of Calavo and Subsidiaries. The authorized capital stock of Calavo consists of One Hundred Million (100,000,000) shares of Common Stock, (\$.001) par value per share, of which Thirteen Million Five Hundred Seven Thousand (13,507,000) shares are issued and outstanding, and there are no treasury shares. Except as set forth in Schedule 11.2 hereto, there are no outstanding options, warrants, scripts, rights to subscribe to or commitments or agreements of any character whatsoever relating to or securities or rights convertible into or exchangeable for, shares of capital stock or other securities or interest in profits of Calavo or any Calavo Subsidiary, and there are no contracts, commitments, understandings, arrangements or restrictions by which Calavo or any Calavo Subsidiary is now or in the future would be bound to issue any additional shares of capital stock, other securities or interests in profits. All issued and outstanding shares of capital stock of Calavo and each corporate Calavo Subsidiary are duly authorized, validly issued, fully paid and nonassessable. All voting rights in Calavo and each Calavo Subsidiary are vested exclusively in common stock. On the Initial Closing Date, the Calavo Shares will be newly-issued, and free of all liens and encumbrances. On the Initial Closing Date, the stock ownership of Calavo's Subsidiaries will be as set forth in Schedule 11.3 hereto and will be free of all liens and encumbrances. None of the Calavo Common Stock is entitled to any preemptive right; and Calavo's Articles of Incorporation and Bylaws do not provide Calavo with a right of first refusal to purchase any Calavo Common Stock or restrict the sale or other transfer of any Calavo Common Stock.

11.3 Subsidiaries. Schedule 11.3 hereto lists each corporation, which Calavo controls directly or indirectly or in which Calavo has an ownership interest, direct or indirect, of record or beneficially, whether in capital stock or other equity security, each of which is referred to in this Agreement as a Subsidiary. Except as set forth in Schedule 11.3, Calavo does not own, directly or indirectly, any capital stock or other equity securities of any corporation or have any direct or indirect equity or ownership interest in any business entity including, without limitation, business vehicles in the nature of joint ventures and partnerships. Each Calavo Subsidiary is duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization, and has the power and authority to own its properties and to carry on its business as now conducted. Each Calavo Subsidiary is duly licensed, authorized or qualified to transact business in, and is in good standing in each jurisdiction in which the properties owned or leased or the activities conducted by it makes such licensing, authorization or qualification necessary, except where the failure to be so licensed, authorized qualified or the failure to be in such good standing would not have a material adverse effect on the business, financial condition or operations of Calavo and its Subsidiaries taken as a whole. Schedule 11.3 hereto lists, for each Calavo Subsidiary, its form of organization, if it is a corporation, the number of shares of capital stock or other equity securities authorized, issued and outstanding, and the holders of record and beneficially of all issued capital stock or other equity securities.

11.4 Power and Authority. Calavo has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Calavo and the consummation by Calavo of the transactions contemplated hereby have been duly authorized by the Board of Directors of Calavo and no other corporate proceedings on the part of Calavo are necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Calavo and, assuming this Agreement constitutes a valid and binding obligation of Limco, constitutes a valid and binding obligation of Calavo, enforceable against Calavo in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights in general and except to the extent that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought.

11.5 Investment. Calavo understands that the Limco Shares have not been, and will not be, registered under the Securities Act or under any state securities law, and are being offered and sold in reliance upon federal and state exemptions for a transaction not involving any public offering. Calavo (1) is acquiring the Limco Shares solely for its own account for investment purposes, and not with a view to the distribution thereof, (2) is a sophisticated investor with knowledge and experience in business and financial matters, (3) has received certain information concerning Limco and has had the opportunity to obtain additional information as desired in order to evaluate the merits and the risks inherent in holding the Limco Shares, (4) is able to bear the economic risk and lack of liquidity inherent in holding the Limco Shares, and (5) is an Accredited Investor. Calavo's representations and warranties in

this Section 11.5 shall not be construed as prohibiting it from selling or otherwise transferring the Limco Shares at any time subsequent to the first anniversary of the Initial Closing in compliance with applicable federal and state securities laws and regulations and in compliance with the right of first refusal contained in Section 16.1.

11.6 No Violation or Conflict. Neither the execution and delivery of this Agreement by Calavo nor the consummation of the transactions contemplated hereby nor compliance by Calavo with any of the provisions hereof will violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any lien upon any of the properties or assets of Calavo or any Calavo Subsidiary under any of the terms, conditions or provisions of (i) the Articles of Incorporation or the Bylaws of Calavo or any Calavo Subsidiary, or (ii) any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Calavo or any Calavo Subsidiary is a party or to which they or any of their respective properties or assets may be subject, or (iii) statute, regulation, judgment, ruling, order, writ, injunction, decree, rule or regulation applicable to Calavo or any Calavo Subsidiary or any of their respective properties or assets, except for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of liens which, individually or in the aggregate, would not have any material adverse effect on the business, operations or financial conditions of Calavo and the Calavo Subsidiaries taken as a whole.

11.7 Financial Statements and Reductions. Except as set forth in Schedule 11.7, the consolidated audited financial statements of Calavo and the Calavo Subsidiaries for the fiscal year ended October 31, 2004, consisting of the consolidated balance sheet as of such date and the related statements of income, shareholders' equity and cash flows for the year then ended (the "Financial Statements"), which Financial Statements and the opinion of Deloitte and Touche thereon dated January 12, 2005, have been furnished to Limco, present fairly, in all material respects, the consolidated financial position of Calavo and the Calavo Subsidiaries at October 31, 2004, and the results of their operations and cash flows for the year then ended, in accordance with GAAP, applied on a consistent basis throughout such period. Except as set forth in Schedule 11.7, the Financial Statements, and all accompanying exhibits and schedules were true, complete and correct in all material respects as of the dates thereof, were prepared in accordance with GAAP, applied on a consistent basis throughout such period, except as otherwise stated therein, and presented fairly the financial position as at the date of, and the results of operations for the periods covered by, such statements of the Calavo and the Calavo Subsidiaries. The Most Recent Financial Statements of Calavo as of and for the Most Recent Fiscal Month have not been prepared in accordance with GAAP, but nevertheless present fairly in all material respects, the financial condition of Calavo as of such date and the results of operations of Calavo for such periods and are consistent with the books and records of Calavo. Calavo's management has disclosed, based on its most recent evaluation to Calavo's auditors and the audit committee of Calavo's Board of Directors, (i) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Calavo's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Calavo's internal control over financial reporting.

11.8 Absence of Certain Changes or Events. Except as and to the extent contemplated by this Agreement, since the date of the Most Recent Financial Statements, Calavo has conducted its business only in the ordinary course, and there has not been, with respect to Calavo, (a) any material adverse change in or to such business, (b) any material damage, destruction or loss (whether covered by insurance or not), (c) any material change by Calavo in accounting methods, principles or practices; or (d) any commitment, agreement or understanding respecting any employee of Calavo which has or would have the effect of increasing such employee's compensation or benefits other than in accordance with past Calavo policies.

11.9 Title to Assets. Calavo owns and has title to its properties and assets as reflected in the Financial Statements, subject to no material liens, mortgages, pledges, encumbrances or charges of any kind, except as disclosed in the Financial Statements or as disclosed in Schedule 11.9, and except for non-delinquent liens for current taxes and assessments. All leases by which Calavo or its Subsidiaries lease real or personal property are in good standing and are valid and effective in accordance with their respective terms, and there exists no material default or other occurrence or condition which would result in a material default or termination of any of those leases.

11.10 Material Contracts. Set forth in Schedule 11.10 is a true and correct list, with respect to Calavo and the Calavo Subsidiaries, of (i) all plans, contracts or understandings providing for bonuses, pensions, options, deferred compensation, retirement payments, royalty payments, profit sharing or similar understandings with respect to any present or former officer, director or consultant, (ii) any contract or agreement with any labor union, (iii) any contract for the future purchase, acquisition or sale of products or rights to products or performance of services over a period of more than three months from the date hereof not made in the ordinary course of business, (iv) all leases of real property, including all amendments and modifications, (v) any contract containing covenants limiting the freedom of Calavo or any of the Calavo Subsidiaries to compete in any line of business or with any person; and (vi) every other contract to which Calavo or any of its Subsidiaries is a party which could reasonably be expected to result in annual payments by or to Calavo or any of its Subsidiaries in excess of Two Hundred Thousand Dollars (\$200,000) or cumulative payments by or to Calavo or any of its Subsidiaries in excess of Two Hundred Thousand Dollars (\$200,000), except for contracts entered into in the ordinary course of business which are terminable upon less than thirty (30) days' notice by either party thereto without penalty or liability (collectively, "Material Contracts"). Calavo heretofore has delivered or made available to Limco true and correct copies of all Material Contracts. Neither Calavo nor any of its Subsidiaries is in default or breach, and no event has occurred or shall occur by reason of the transactions contemplated herein which would constitute a default or breach, where such default or breach would entitle another party thereto to accelerate or terminate such Material Contract or otherwise impose a material penalty or forfeiture thereunder (whether with or without notice, lapse of time or the happening or occurrence of any other event), under any Material Contract. All Material Contracts are valid and binding agreements, and to the knowledge of Calavo, there are no facts or circumstances which make a default under any Material Contract by any party thereto likely to occur subsequent to the date hereof.

11.11 Compliance with Applicable Laws. Except as set forth in Schedule 11.11, and except for possible violations which individually or in the aggregate do not, and insofar as reasonably can be foreseen, in the future will not, have a material adverse effect on Calavo, Calavo and its Subsidiaries are in compliance with all requirements of law, federal, state or local, and of all governmental bodies or agencies having jurisdiction over it or the conduct of its business. Except as set forth in Schedule 11.11, Calavo is not presently charged with, nor to its knowledge, is Calavo under any investigation or the subject of any threatened proceeding with respect to any violation of any statute, law, ordinance, rule or regulation relating to Calavo.

11.12 Litigation and Liabilities. Except as disclosed in Schedule 11.12, there are no actions, suits, investigations or proceedings pending or, to the knowledge of Calavo, threatened against Calavo or any Calavo Subsidiary; nor, to the knowledge of Calavo, are there any facts or circumstances that could reasonably be expected to result in a claim for damages that, if adversely determined, would be reasonably likely to result in any claims against or obligations or liabilities of Calavo or any of the Calavo Subsidiaries that, alone or in the aggregate, would have any material adverse effect on Calavo.

11.13 Brokers, Finders, Investment Bankers and Financial Advisors. No broker, finder, investment banker or financial advisor is entitled to any brokerage, finder's or other fee or commission from Calavo in connection with the transactions contemplated by this Agreement based upon arrangement made by or on behalf of Calavo.

11.14 Labor Relations. To Calavo's knowledge, it has not engaged in any unfair labor practice, and has not illegally discriminated on the basis of age or sex in its employment conditions or practices. Except as set forth in Schedule 11.14, there are no unfair labor practice grievances or age or sex discrimination complaints pending, or, to Calavo's knowledge, threatened against Calavo before any governmental entity and, to the knowledge of Calavo, there is no basis therefor.

11.15 Environmental Matters.

(a) There is no civil, criminal or administrative action, suit, claim, notice of violation or proceeding pending or, to Calavo's knowledge, threatened against Calavo respecting the storage, use, release or burial of a hazardous substance (for the purposes of this Agreement, as defined under any applicable federal, state or local statute, rule, regulation or other law and whether solid, liquid or gaseous) on, from or under premises occupied

by Calavo; provided that the receding representation and warranty shall not be applicable to the real property in Santa Paula, California that Calavo leases from Limco.

(b) To Calavo's knowledge, it has no liability (absolute, accrued, contingent or otherwise), including, without limitation, clean-up obligations or liabilities to third parties for personal injuries or other torts, for any contamination of air, soil or water with hazardous substances.

(c) Calavo is, to its knowledge, operating its business in material compliance with all Environmental Health and Safety Requirements.

11.16 Intellectual Property. Schedule 11.16 hereto contains an accurate and complete list of all intellectual property (the "Intellectual Property") owned by or licensed to Calavo, together with registration data where applicable and descriptive identification as appropriate. Calavo owns or has the right to use all of the Intellectual Property used in or necessary for the conduct of its business as now conducted, without any known material infringement upon, or conflict with the rights of, or claim of ownership or other rights by, any other person. Calavo has received no written notice of any claimed infringement or conflict with respect to any of the foregoing.

11.17 Permits. Calavo and each Calavo Subsidiary hold licenses, certificates, permits, franchises and rights from all appropriate persons, governmental entities and public authorities necessary for the conduct of their respective businesses as now conducted, except where the failure to obtain the same would not have a material adverse effect on the business operations or financial condition of Calavo. Neither the execution or delivery of this Agreement nor the consummation of the transactions contemplated herein will result in the termination of any license, certificate, permit, franchise or right held by Calavo or any Calavo Subsidiary.

11.18 Liabilities and Disclosure. Calavo has no material liabilities of any nature, whether accrued, absolute, contingent or otherwise (including, without limitation, liabilities as guarantor or otherwise with respect to obligations of others), except as stated or adequately reserved against in the Financial Statements, disclosed in the Schedules hereto or incurred in the ordinary course of business after April 30, 2005. There is, to the Calavo's knowledge, no fact which, in its reasonable judgment and belief, does or might materially and adversely affect the business, prospects, condition, affairs or operations of Calavo or any Calavo Subsidiary or any of their properties or assets which has not been set forth in this Agreement or the Schedules.

11.19 Changes. Except as set forth on Schedule 11.19, since the Most Recent Financial Statements, there has not been any material adverse change in the business, financial condition, results of operations or prospects of Calavo or any Calavo Subsidiary, except such changes which could not, individually or in the aggregate, have a material adverse effect on the business, financial condition or results of operations of Calavo or any Calavo Subsidiary.

11.20 Tax Returns and Payments. Except as set forth in Schedule 11.20, Calavo and its Subsidiaries have timely filed all federal, state, and local tax returns which were required to be filed by or with respect to Calavo or any of the Calavo Subsidiaries, and have paid or, where payment is not yet required, have established adequate tax reserves for the payment of all Taxes with respect to the periods covered by such returns. Neither Calavo nor any of the Calavo Subsidiaries have consented to any waiver or extension of any statute of limitations relating to the assessment or collection of any federal, state or local Tax. There are no deficiency assessments against Calavo or any of the Calavo Subsidiaries.

11.21 Insurance Policies. Schedule 11.21 sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which Calavo has been a party, a named insured, or otherwise the beneficiary of coverage at any time from fiscal year 2003 to the date hereof:

(a) the name of the insurer, the name of the policyholder, and the name of each covered insured;

(b) the policy number and the period of coverage;

(c) the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and

(d) a description of any retroactive premium adjustment or other loss-sharing arrangements. With respect to each such insurance policy that has not terminated: (1) the policy is legal, valid, binding, enforceable, and in full force

and effect; (2) the policy will continue to be legal, valid, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby; (3) neither Calavo nor any other party to the policy is in breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination, modification, or acceleration, under the policy; and (4) no party to the policy has repudiated any provision thereof. Schedule 11.21 also describes any self-insurance arrangements affecting any of Calavo's properties or operations.

11.22 Employee Benefit Plans.

(a) Schedule 11.22 contains a true and complete list of all of the following agreements, arrangements, practices, or plans, whether written or oral, which are presently in effect with respect to Calavo and under which Calavo continues to have liability or obligations thereunder: (i) "employee pension benefit plans" and "employee benefit plans" as defined respectively in Section 3(2) and 3(3) of ERISA, including "multiemployer" plans as defined in Section 3(37) of ERISA, or a "multiple employer" plan within the meaning of Section 4063 or 4064 of ERISA; and (ii) any other pension, profit sharing, supplemental unemployment, retirement, deferred compensation, stock purchase, stock option, incentive, bonus, vacation, severance, disability, hospitalization, medical insurance or other employee benefit plans, practice, policies, arrangements, or programs for the benefit of any employee, former employee, director, or agent of Calavo or any Calavo Subsidiary, whether or not any of the foregoing is funded, whether formal or informal, and whether or not subject to ERISA. (The plans or programs described in clauses (i) and (ii) are herein collectively referred to as the "Calavo Plans.") Calavo has delivered or made available to Limco true and complete copies of all (a) Calavo Plans, related trust arrangements and funding arrangement and any amendments thereto, (b) the most recent summary plan descriptions, together with the most recent summary material modifications required under ERISA with respect to each Calavo Plan, (c) the most recent annual reports (series 5500 and schedules thereto) required under ERISA with respect to each Calavo Plan, (d) the two most recent actuarial valuations, if applicable, prepared for any Calavo Plan, (e) the most recent IRS determination letters with respect to each Calavo Plan, and (f) all material employer communications relating to each such Calavo Plan.

(b) Calavo and its Subsidiaries are in material compliance with the requirements prescribed by any and all statutes, orders, governmental rules or regulations applicable to the Calavo Plans, and all reports and disclosures relating to the Calavo Plans required to be filed with or furnished to governmental agencies,

participants or beneficiaries prior to the Initial Closing Date have been or will be filed or furnished in a timely manner and in accordance with applicable law.

(c) Except as described in Schedule 11.22, neither Calavo nor any Calavo Subsidiary has ever contributed or been required to contribute to any multiemployer plan as defined in Section 3(37) of ERISA.

(d) Neither Calavo, any Calavo Subsidiary nor any other “disqualified person” or “party in interest” (as defined in Section 4975 of the Code and Section 3 of ERISA), has engaged in any “prohibited transaction” as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could subject any of the Calavo Plans (or their related trusts), Calavo, any Calavo Subsidiary or any trustee, administrator or any other fiduciary of any of the Calavo Plans to tax or penalty imposed under Section 4975 of the Code or Section 502 of ERISA.

(e) Except as set forth in Schedule 11.22, there are no material actions, audits, suits or claims pending (other than routine claims for benefits) or, to the knowledge of Calavo, threatened, against any of the Calavo Plans or any fiduciary of any of the Calavo Plans or against the assets of any of the Calavo Plans.

(f) Except as set forth in Schedule 11.22, Calavo and its Subsidiaries have no obligation or liability to any retired or former employee under any disability (long or short term), hospitalization, medical, dental or life insurance plans (whether insured or self-insured) or other employee welfare plan as defined in ERISA Section 3(1) maintained by the Calavo Group, other than as required by COBRA.

(g) Each “group health plan” (within the meaning of Section 5000(b)(1) of the Code) maintained by Calavo or any of its affiliates has, as of the first day of each group health plan’s first plan year beginning on or after July 1, 1986, been administered in compliance with the continuation coverage requirements contained in and as provided under Section 4980B of the Code and any regulations promulgated or proposed thereunder.

(h) Except as set forth in Schedule 11.22, no payment which will be or may be made by Calavo to any employee, former employee, director or agent thereof will or could be characterized as an “excess parachute payment: within the meaning of Section 280G(b)(1) of the Code and by reason of the transactions contemplated herein.

(i) Calavo, to its knowledge, (i) is in compliance with all applicable federal and state laws, rules and regulations respecting employment, employment practices, terms and conditions of employment and wages and hours, in each case, with respect to employees and former employees of Calavo, (ii) has withheld all amounts required by law to be withheld from the wages, salaries and other payments to employees and former employees of Calavo, and (iii) is not liable for any arrears of wages or any taxes or any penalty to comply with any of the foregoing, except for such noncompliance, failure to withhold or liability which would not individually or in the aggregate have a material adverse effect on Calavo and its Subsidiaries taken as a whole.

(j) Except as set forth in Schedule 11.22, neither the execution of this Agreement nor the performance of the transactions contemplated herein will (either alone or upon the occurrence of an additional event) constitute an event under any Calavo Plan that will or may result in any payment, acceleration, vesting or increase in benefits with respect to any employee, former employee, or director of Calavo.

(k) Calavo has made, and makes, no representations or warranties respecting the adequacy of estimates of or reserves (if any) for post-retirement medical benefits for employees.

11.23 Exchange Act Reports. As of their respective dates, all reports filed by Calavo with the Securities and Exchange Commission, after October 31, 2003 under the Securities Exchange Act conformed in all material respects with the requirements of the Securities Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of the Commission thereunder.

11.24 Foreign Corrupt Practices Act. Neither Calavo nor any Calavo Subsidiary has made or offered or agreed to offer anything of value to any foreign government official, political party or candidate for governmental office, nor have they taken any action which would cause Calavo or any Calavo Subsidiary to be in violation of Sections 103b or 104 of the Foreign Corrupt Practices Act of 1977, as amended.

ARTICLE 12

COVENANTS OF LIMCO

12.1 Conduct of Business Prior to Initial Closing. Except as set forth in Schedule 12.1, between the date of this Agreement and the Initial Closing Date, Limco and each Limco Subsidiary will do the following, unless Calavo shall otherwise consent in writing:

(a) Conduct Limco's business only in the ordinary and usual course and refrain from changing or introducing any method of management or operations except in the ordinary course of business and consistent with prior practices;

(b) Except for the possible sale of the Mission Shares to Mission and the repurchase of 6,906 shares of Limco common stock from Mission as described in Article 4 above, refrain from making any purchase, sale or disposition of any asset or property other than in the ordinary course of business, from purchasing

any capital asset costing more than Five Hundred Thousand Dollar (\$500,000) and from mortgaging, pledging, subjecting to a lien or otherwise encumbering any of Limco's properties or assets;

(c) Refrain from amending, modifying, extending or terminating any real property or equipment lease, except as otherwise provided in this Agreement;

(d) Refrain from incurring any contingent liability as a guarantor or otherwise with respect to the obligations of others, and from incurring any other contingent or fixed obligation or liabilities except those that are usual and normal in the ordinary course of business;

(e) Except in accordance with past practice refrain from declaring, setting aside or paying any dividend, making any other distribution in respect of its capital stock or making any direct or indirect redemption, purchase or other acquisition of its stock;

(f) Refrain from taking any action which would accelerate payment or other obligations of Limco to its employees, and from making any change in the compensation payable or to become payable to any of its officers, directors, employees or agents, except as contemplated by this Agreement;

(g) Refrain from paying any loans from its officers or directors or making any other payments to any of them, except normal salary payments in amount not exceeding those theretofore paid;

(h) Use reasonable efforts to prevent any change with respect to its management and supervisory personnel and banking arrangements except as contemplated by this Agreement;

(i) Not amend, change or terminate any Material Contract;

(j) Not change the Certificate of Incorporation or Bylaws of Limco or any Limco Subsidiary; and

(k) Not issue any capital stock at less than the fair market value of such stock on the date of its issuance, except pursuant to a stock option or warrant that is outstanding as of the date of this Agreement or except for an option that is subsequently granted pursuant to an employee stock plan with an exercise price of at least the fair market value of such capital stock as of the grant date; and

(l) Not take any action which would cause the acceleration of any payments or other obligations of Limco under any of such contracts without the prior consent of Calavo.

12.2 Access. Limco shall afford to Calavo and to the authorized officers, employees and agents of Calavo, complete access at all reasonable times, from the date hereof to the Initial Closing Date, to their officers, employees, agents, properties, books, records and contracts, and shall furnish Calavo all financial, operating and other data and information as Calavo, through its officers, employees or agents, may reasonably request, provided such requests for access and information do not unreasonably interfere with the operations of Limco or any of the Limco Subsidiaries.

12.3 Reasonable Efforts Regarding Mission Shares. After providing notice to Calavo pursuant to Section 9.4 hereof designating the Mission Closing Date, Limco shall deliver to Mission a letter signed by Limco setting forth the purchase price and all relevant terms for the purchase of the Mission Shares by Calavo, and notifying Mission that the option periods with respect to the rights of first refusal for the Mission Share have commenced. Calavo and Limco shall agree upon the date that such letter shall be delivered to Mission, but such date shall not be so late as to cause the Mission Closing Date to be more than 180 days following the Initial Closing Date.

12.4 Reasonable Efforts. Limco shall use its reasonable efforts to cause all of the representations and warranties set forth in Article 9 to be true and correct on and as of the Initial Closing Date; to perform all of the covenants set forth in this Article 11; and to cause all of the conditions set forth in Article 15 to occur on or before the Closing Date.

ARTICLE 13

COVENANTS OF CALAVO

13.1 Conduct of Business Prior to Initial Closing. Except as set forth in Schedule 13.1, between the date of this Agreement and the Closing Date, Calavo and each Calavo Subsidiary will do the following, unless Limco shall otherwise consent in writing:

(a) Conduct Calavo's business only in the ordinary and usual course and refrain from changing or introducing any method of management or operations except in the ordinary course of business and consistent with prior practices;

(b) Refrain from making any purchase, sale or disposition of any asset or property other than in the ordinary course of business, from purchasing any capital asset costing more than Five Hundred Thousand Dollars (\$500,000) and from mortgaging, pledging, subjecting to a lien or otherwise encumbering any of Calavo's properties or assets; provided, however, that no provision of this Agreement shall be construed as requiring Limco's consent to a merger between Calavo and Mission or other transaction between Calavo and Mission or as prohibiting Calavo from engaging in such merger or other transaction;

(c) Refrain from amending, modifying, extending or terminating any real property or equipment lease, except as otherwise provided in this Agreement;

(d) Refrain from incurring any contingent liability as a guarantor or otherwise with respect to the obligations of others, and from incurring any other contingent or fixed obligation or liabilities except those that are usual and normal in the ordinary course of business and except for indebtedness incurred for the purpose of purchasing the Limco Shares and the Mission Shares;

(e) Except in accordance with past practice, refrain from declaring, setting and or paying any dividend, making any other distribution in respect of its capital stock or making any direct or indirect redemption, purchase or other acquisition of its stock;

(f) Refrain from taking any action which would accelerate payment or other obligations of Calavo to its employees, and from making any change in the compensation payable or to become payable to any of its officers, directors, employees or agents, except as contemplated by this Agreement;

(g) Refrain from paying any loans from its officers or directors or making any other payments to any of them, except normal salary payments in amount not exceeding those theretofore paid;

(h) Use reasonable efforts to prevent any change with respect to its management and supervisory personnel and banking arrangements except as contemplated by this Agreement;

(i) Not amend, change or terminate any Material Contract;

(j) Not change the Articles of Incorporation or Bylaws of Calavo or any Calavo Subsidiary;

(k) Not issue any capital stock as less than the fair market value of such stock on the date of its issuance, except pursuant to a stock option or warrant that is outstanding as of the date of this Agreement or except for an option that is subsequently granted pursuant to an employee stock plan with an exercise price of at least the fair market value of such capital stock as of the grant date; and

(l) Not take any action which would cause the acceleration of any payments or other obligations of Calavo under any of such contracts without the prior consent of Limco.

13.2 Access. Calavo shall afford to Limco and to the authorized officers, employees and agents of Limco, complete access at all reasonable times, from the date hereof to the Initial Closing Date, to their officers, employees, agents, properties, books, records and contracts, and shall furnish Limco all financial, operating and other data and information as Limco, through its officers, employees or agents, may reasonably request, provided such requests for access and information do not unreasonably interfere with the operations of Calavo or any of the Subsidiaries.

13.3 Reasonable Efforts. Calavo shall use its reasonable efforts to cause all of the representations and warranties set forth in Article 11 to be true and correct on and as of the Initial Closing Date; to perform all of the covenants set forth in this Article 13; and to cause all of the conditions set forth in Article 14 to occur on or before the Initial Closing Date.

ARTICLE 14

CONDITIONS PRECEDENT TO LIMCO'S OBLIGATION TO CLOSE

14.1 General. The obligation of Limco to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Initial Closing Date, of each and every one of the following conditions all or any of which may be waived, in whole or in part, by Limco for the purpose of consummating such transaction, but without prejudice to any other right or remedy which Limco may have hereunder as a result of any

misrepresentation by, or breach of any covenant or warranty of, Calavo contained in this Agreement or any certificate, Schedule, document or instrument furnished by Calavo hereunder.

14.2 Representations and Warranties. The representations and warranties made by Calavo in this Agreement and in any certificate, schedule, document or instrument furnished to Limco at or prior to the Initial Closing shall be true and correct in all respects on the Initial Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, (i) except for changes contemplated by this Agreement, (ii) except that any representation or warranty that, by its express terms, speaks only as of a specified earlier date need only be accurate as of such earlier date, and (iii) except where the failure of such representations and warranties to be accurate, individually or in the aggregate, has not had a Material Adverse Change or Condition with respect to Calavo and would not be reasonably expected to have a Material Adverse Change or Conditions with respect to Calavo..

14.3 Investigations Fail to Disclose Material Adverse Change or Condition. Investigations by Limco and its representatives shall not have disclosed any Material Adverse Change or Condition with respect to Calavo.

14.4 Covenants and Agreements. Calavo shall have duly performed in all material respects all of the material covenants and agreements to be performed by it hereunder on or prior to the Initial Closing Date.

14.5 No Adverse Changes. Since the date of this Agreement, Calavo shall not have suffered any Material Adverse Change or Condition including any delisting of Calavo's common stock on the NASDAQ Securities Market.

14.6 No Proceedings. No preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, nor any statute, rule, regulation or executive order promulgated or enacted by and governmental authority, shall be in effect which would prevent or hinder the consummation of the transactions contemplated under this Agreement or which challenges the validity or enforceability of this Agreement or any term or provision hereof.

14.7 Certificates. Limco shall have received a Certificate of Calavo, dated the Initial Closing Date, signed by its Chief Executive Officer, to the effect that, Sections 14.2, 14.4 and 14.5 have been fulfilled and such other certificates and documents as Limco may reasonably request and as provided in Article 9 hereof.

ARTICLE 15

CONDITIONS PRECEDENT TO CALAVO'S OBLIGATION TO CLOSE

15.1 General. The obligation of Calavo to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Initial Closing Date, of each and every one of the following conditions all or any of which may be waived, in whole or in part, by Calavo for the purpose of consummating such transaction, but without prejudice to any other right or remedy which Calavo may have hereunder as a result of any misrepresentation by, or breach of any covenant or warranty of, Limco contained in this Agreement or any certificate, Schedule, document or instrument furnished by Limco hereunder.

15.2 Investigations Fail to Disclose Material Adverse Change or Condition. Investigations by Calavo and its representatives shall not have disclosed any Material Adverse Change or Condition with respect to Limco.

15.3 Representations and Warranties. The representations and warranties made by Limco in this Agreement and in any certificate, schedule, document or instrument furnished to Calavo at or prior to the Initial Closing shall be true and correct in all respects on the Initial Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, (i) except for changes contemplated by this Agreement, (ii) except that any representation or warranty that, by its express terms, speaks only as of a specified earlier date need only be accurate as of such earlier date, and (iii) except where the failure of such representations and warranties to be accurate, individually or in the aggregate, has not had a Material Adverse Change or Conditions with respect to Limco and would not be reasonably expected to have a Material Adverse Change or Conditions with respect to Limco.

15.4 Covenants and Agreements. Limco shall have duly performed in all material respects all of the material covenants and agreements to be performed by it hereunder on or prior to the Initial Closing Date.

15.5 No Adverse Changes. Since the date of this Agreement, Limco shall not have suffered any Material Adverse Change or Conditions, including, without limitation, the cessation of trading of Limco's Common Stock on the Pink Sheets.

15.6 No Proceedings. No preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, nor any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, shall be in effect which would prevent or hinder the consummation of the transactions contemplated under this Agreement or which challenges the validity or enforceability of this Agreement or any term or provision hereof.

15.7 Certificates. Calavo shall have received a Certificate of Limco, dated the Initial Closing Date, signed by its Chief Executive Officer, to the effect that, the conditions specified in this Sections 15.3, 15.4 and 15.5 have been fulfilled and such other certificates and documents as Calavo may reasonably request and as provided in Article 9 hereof.

ARTICLE 16

RIGHTS OF FIRST REFUSAL

16.1 Limco Shares. Calavo shall not sell, transfer, assign, encumber or in any way dispose of any of the Limco Shares or any right or interest therein without first giving written notice to Limco in the manner provided in Article 20 hereof of Calavo's intent to dispose of the Limco Shares. Unless Calavo proposed to sell the Limco Shares on the Pink Sheets or other public market on which Limco's Common Stock is then traded, such notice shall specifically set forth the identity of the proposed transferee, the number of Limco Shares to be transferred, the price per share or other consideration for the Limco Shares and all terms and conditions of the proposed transaction, including the terms of payment. For a period of sixty (60) days, following receipt of Calavo's notice, Limco shall have the option to purchase all, but not less than all, the Limco Shares identified, at the same price and on the same terms as set forth in Calavo's written notice. If Limco elects to exercise its option, it shall notify Calavo in writing within such period and shall pay the purchase price in the same manner as designated in Calavo's notice. Any sale of all or substantially all of the assets of Calavo or a "change in control" of Calavo by the acquisition of a majority of its voting stock by any third party or group shall be deemed a "sale" of the Limco Shares for purposes of triggering the right of refusal provided herein. Upon the occurrence of such any event, Calavo shall so notify Limco in writing. For a period of 60 days following receipt of such notice, Limco shall have the right to repurchase all, but not less than all, the Limco Shares at a price per share, payable in cash, equal to the average price per share over the 60-day period preceding Calavo's notice at which Limco's shares traded in the "pink sheets" or other public market. If Calavo proposes to sell a specified number of the Limco Shares on the Pink Sheets or other public market on which Limco's Common Stock is then traded, for a period of 30 days following receipts of such notice Limco shall have the right to repurchase all or some of the specified Limco shares at a price per share, payable in cash, equal to the average price per share over the 60-day period preceding Calavo's notice at which Limco's shares traded in the "pink sheets" or other public market. Limco's option is subject to any and all legal restrictions on the ability of a corporation to repurchase its own shares. In order to facilitate Limco's right of first refusal, Calavo agrees that it will not assign any of the Limco Shares to a nominee title holder. Calavo shall be entitled to sell or otherwise transfer any and all Limco Shares that Limco does not purchase under the right of first refusal granted by this Section 16.1, and any such sold or transferred shares shall cease to be subject to the right of first refusal contained in this Section 16.1

16.2 Calavo Shares. Limco shall not sell, transfer, assign, encumber or dispose of any of the Calavo Shares or any right or interest therein without first giving written notice to Calavo in the manner provided in Article 20 hereof of Limco's intent to dispose of the Calavo Shares. Unless Limco proposes to sell the Calavo Shares on the Nasdaq market or other public market on which Calavo's Common Stock is then traded, such notice shall specifically set forth the identity of the proposed transferee, the number of Calavo Shares to be transferred, the price per share or other consideration for the Calavo Shares and all terms and conditions of the proposed transaction, including the terms of payment. For a period of sixty (60) days, following receipt of Limco's notice, Calavo shall have the option to purchase all, but not less than all, the Calavo Shares identified, at the same price and on the same terms as set forth in Limco's written notice. If Calavo elects to exercise its option, it shall notify Limco in writing within such period and shall pay the purchase price in the same manner as designated in Limco's notice. Any sale of all or substantially all of the assets of Limco or a "change in control" of Limco by the acquisition of a majority of its voting stock by any third party or group shall be deemed a "sale" of the Calavo Shares for purposes of triggering the right of refusal provided herein. Upon the occurrence of such any event, Limco so shall notify Calavo in writing.

For a period of 60 days following receipt of such notice, Calavo shall have the right to repurchase all, but not less than all, the Calavo Shares at a price per share, payable in cash, equal to the average price per share over the 60-day period preceding Limco's notice at which Calavo's shares traded on the Nasdaq market or other public market. If Limco proposes to sell a specified number of the Calavo Shares on the Nasdaq market or other public market on which Calavo's Common Stock is then traded, for a period of 30 days following receipt of such notice Calavo shall have the right to repurchase all or some of the specified Calavo Shares at a price per share, payable in cash, equal to the average price per share over the 60-day period preceding Limco's notice at which Calavo's shares traded on the Nasdaq market or other public market. Calavo's option is subject to any and all legal restrictions on the ability of a corporation to repurchase its own shares. In order to facilitate Calavo's right of first refusal, Limco agrees that it will not assign any of the Calavo Shares to a nominee title holder. Limco shall be entitled to sell or otherwise transfer any and all Calavo Shares that Calavo does not purchase under the right of first refusal granted by this Section 16.2, and any such sold or transferred shares shall cease to be subject to the right of first refusal contained in this Section 16.2

ARTICLE 17

PUBLIC DISCLOSURE

Limco and Calavo shall consult with each other, and to the extent practicable, agree before issuing any press release or otherwise making any public statement with respect to the transactions contemplated by this Agreement and will not issue any such press release or make any such public statement prior to such consultation, except as may be required by law or any listing agreement with the NASDAQ Stock Market. Calavo agrees to report the execution of this Agreement on a Form 8-K by the date prescribed by the Securities Exchange Act and to report the closing of the transactions contemplated by the Initial Closing on a Form 8-K by the date prescribed by the Securities Exchange Act.

ARTICLE 18

TERMINATION

18.1 Termination. This Agreement may be terminated at any time prior to the Initial Closing Date:

(a) By mutual agreement of Limco and Calavo; or

(b) By Calavo, at any time after August 1, 2005, if the Initial Closing has not occurred by such date and the failure of the Initial Closing to occur is not caused by a breach of this Agreement by Calavo; or

(c) By Limco, at any time after August 1, 2005, if the Initial Closing has not occurred by such date and the failure of the Initial Closing to occur is not caused by a breach of this Agreement by Limco.

18.2 Effect of Termination. In the event of the termination of this Agreement pursuant to clause (a), (b) or (c) of Section 18.1, this Agreement shall forthwith become void and have no effect, without any further liability or obligation on the part of either party to the other party. However, if the Initial Closing does not occur because of the intentional breach of this Agreement by either Calavo or Limco, (i) the breaching party shall reimburse the non-breaching party for its legal fees, accounting fees and other out-of-pocket expenses that have been incurred by the non-breaching party in connection with this Agreement, payable within ten days after receipt from the non-breaching party of documentation of such expenses in reasonable detail, and (ii) the breaching party shall be liable to the non-breaching party for damages incurred by the non-breaching party as a result of the breaching party's intentional breach of this Agreement. The non-breaching party shall not, however, be entitled to obtain an award of punitive damages.

ARTICLE 19

SURVIVAL OF REPRESENTATIONS; INDEMNIFICATIONS

19.1 Survival. All representations and warranties contained in or made pursuant to this Agreement (including Exhibits and Schedules hereto) or in any certificate, document or statement delivered pursuant hereto (the "Ancillary Documents") shall be deemed made by the parties on the respective dates of their execution of this Agreement (except for representations and warranties that specifically speak as of an earlier date) and shall be deemed remade on the Initial Closing Date, and all representations and warranties (as they may be supplemented) and all covenants, indemnities and agreements shall survive the Initial Closing and any investigation conducted by any party for a period of two (2) years (unless a claim for indemnity has been timely made within such period as set forth below). Except as provided in Section 19.2.4, Calavo's investigation of Limco and its Subsidiaries and their business, assets and liabilities shall in no manner be construed as relieving Limco from liability under this Agreement for a breach of any representation or warranty made in this Agreement, and Limco's investigation of Calavo and its subsidiaries and their business, assets and liabilities shall in no manner be construed as relieving Calavo from liability under this Agreement for a breach of any representation or warranty of Calavo made in this Agreement.

19.2 Indemnification.

19.2.1 Limco.

After the Initial Closing and subject to Sections 19.2.3, and 19.2.4, Limco shall indemnify, defend and hold Calavo, its shareholders, directors, officers, employees and agents harmless from, and reimburse Calavo for, any damage, loss, fee, liability, cost or expense (including, without limitation, the reasonable fees and expenses of counsel and others) resulting or arising from, or incurred in connection with or based upon: (i) the inaccuracy as of the Initial Closing Date of any representation or warranty of Limco which is contained in or made pursuant to this Agreement or any Ancillary Documents and, (ii) Limco's breach of or failure to perform any of its covenants or agreements contained in or made pursuant to this Agreement or any Ancillary Document.

19.2.2 Calavo. After the Initial Closing and subject to Sections 19.2.3 and 19.2.4, Calavo shall indemnify and hold Limco, and its directors, officers, employees and affiliates harmless from, and reimburse for any damage, loss, fee liability, cost or expense (including, without limitation, the reasonable fees and expenses of counsel and others) resulting or arising from, or incurred in connection with or based upon, (i) the inaccuracy as of the Initial Closing Date of any representation or warranty of Calavo which is contained in or made pursuant to this Agreement or any Ancillary Document; and (ii) Calavo's breach of or failure to perform, comply with or fulfill any covenant or agreement of Calavo contained in or made pursuant to this agreement or any Ancillary Document.

19.2.3 Notice/Defense. Upon discovery of any breach or claim hereunder or upon receipt of any notice of any claim or suit subject to indemnification under Section 19.2.1 or 19.2.2 above, the party seeking indemnification ("Indemnified Party") shall promptly give notice thereof (and in no event later than thirty days after receipt of actual notice thereof) to the party or parties from whom indemnification is sought ("Indemnifying Party") at the notice address pursuant to Article 20 stating in reasonable detail the representation, warranty or other claims with respect to which indemnity is demanded, the facts or alleged facts giving rise thereto, and the amount of liability or asserted liability with respect to which indemnity is sought, and in the case of a claim asserted against the party seeking indemnity, the Indemnified Party shall thereafter tender to the Indemnifying Party the defense of such claims at the sole cost and expense of the Indemnifying Party. Despite such a tender of defense, the party seeking indemnification shall in any

case have a right to participate in the defense of any such tendered claim or suit; provided that such participation shall be at such party's sole cost and expense after the Indemnifying Party has accepted such tender of defense, and that the Indemnifying Party shall have control of the defense. In the event that the Indemnifying Party does not promptly and affirmatively accept such tender of defense of any claim or suit, then the Indemnifying Party shall thereafter additionally become liable for all costs incurred by the party seeking indemnification (including reasonable attorneys' fees) in enforcing such indemnification claim and/or defending against such claim or suit which is subject to indemnification. No party which is entitled to indemnification under Section 19.2.1 or 19.2.2 shall settle or compromise any such third party claim without the prior written consent of the party from which it seeks or may seek indemnification, which consent shall not be unreasonably withheld. The Indemnifying Party shall not settle the claim or suit without the written consent of the Indemnified Party, which shall not be unreasonably withheld; provided, however, that the Indemnified Party shall not be required to give its consent unless the third-party claimant delivers to the Indemnified Party an unconditional release of all liability with respect to the claim or legal proceeding. Any party seeking indemnification under Section 19.2.1 or 19.2.2 shall take all reasonable actions in the defense of third party claims for which indemnification is sought. If notice is not given to the Indemnifying Party as specified, or if any claim or suit be compromised or settled in any manner without the prior written consent (which consent shall not be unreasonably withheld) of the Indemnifying Party, then no liability shall be imposed upon the Indemnifying Party hereunder with respect to such claim.

19.2.4 Waiver of Breach; Indemnification Limitations.

(a) Notwithstanding anything to the contrary in this Agreement, the completion of the Initial Closing shall conclusively evidence the waiver by each party, for all purposes, of any occurring prior to the Initial Closing by the other party of any representation, warranty, covenant or agreement and of any right to indemnification with respect to such breach, if (but only if) such breach was expressly disclosed by the breaching party in writing to the non-breaching party prior to the Initial Closing and if the non-breaching party nevertheless elected to complete the Initial Closing.

(b) Notwithstanding anything to the contrary in this Agreement, no claim shall be made by Calavo or Limco for indemnification unless and until the aggregate indemnified damages, losses, fees, liabilities, costs and expenses incurred by the indemnified party exceed Five Hundred Thousand Dollars (\$500,000), in which event the indemnified party shall be entitled to full indemnification for its aggregate indemnified damages, losses, fees, liabilities, costs and expenses in excess of Five Hundred Thousand Dollars (\$500,000). The indemnified damages, losses, fees, liabilities, costs and expenses of an indemnified party pursuant to this Article 19 shall be net of any insurance proceeds actually received by the indemnified party with respect to the indemnified amounts and shall be net of any tax benefits actually realized by the indemnified party as a result of payments made by the indemnified party in connection with the indemnified losses.

(c) This Article 19 sets forth the sole and exclusive remedies of Calavo and Limco to obtain monetary damages and reimbursement from the other party after the Initial Closing for a breach of any representation, warranty or covenant that is contained in this Agreement or in an exhibit, schedule or other document that is delivered at or prior to the Initial Closing pursuant to this Agreement.

ARTICLE 20

MISCELLANEOUS

20.1 Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, sent by facsimile, or sent by certified, registered or express mail, postage prepaid, and shall be deemed given when so delivered personally, telegraphed or sent by facsimile, or if mailed, three (3) days after the date of deposit with the U.S. Postal Service, postage and applicable charges prepaid, addressed as follows:

If to Limco:

Limoneira Company

1141 Cummings Road

Santa Paula, CA 93060

Attn: Harold S. Edwards

President & CEO

Facsimile: (805)525-8211

With a copy to:

Lawrence E. Stickney, Esq.
Walker, Wright, Tyler & Ward
626 Wilshire Blvd., Suite 900
Los Angeles, CA 90017
Facsimile: (213) 623-5160

If to Calavo:

Calavo Growers, Inc.
1141 A Cummings Road
Santa Paula, CA 93060
Attn: Lecil E. Cole, Chairman & CEO
Facsimile: (805) 921-3245

With a Copy to:

Marc L. Brown, Esq.
Troy & Gould, APC
1801 Century Park East
Suite 1600
Los Angeles, CA 90067
Facsimile: (310) 789-1469

20.2 Entire Agreement. Except for the obligations of the parties under a Confidentiality Agreement dated March 29, 2005 between Limco and Calavo (the "Confidentiality Agreement"), this Agreement, including the Exhibits and Schedules hereto, sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of every kind and nature between them, and no party hereto shall be bound by any covenant, condition, definition, warranty or representation other than as expressly provided for in this Agreement or as may be on a date subsequent to the date hereof duly set forth in writing signed by the party hereto which is to be bound thereby.

20.3 Waivers and Amendments. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. Except as otherwise expressly set forth in Article 19 or elsewhere in this Agreement, the rights and remedies herein

provided are cumulative and are not exclusive of any rights or remedies which any party may have in equity. The rights and remedies of any party arising out of or otherwise in respect of any inaccuracy in or breach of any representation, warranty, covenant or agreement contained in this Agreement shall in no way be limited by the fact that the act, omission, occurrence or other state of facts upon which any claim of any such inaccuracy or breach is based may also be the subject matter of any other representation, warranty, covenant or agreement contained in this Agreement (or in any other agreement between the parties) as to which there is no inaccuracy or breach.

20.4 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of California applicable to agreements made and to be performed entirely within such State.

20.5 No Assignment. Neither party to this Agreement may assign any right hereunder, nor delegate any obligation, without the prior written consent of the other party.

20.6 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20.7 Headings. The headings in the Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.

20.8 Benefit to Parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as provided in Article 19 with respect to indemnification, this Agreement is intended solely for the benefit of Calavo and Limco and their respective permitted successors and assigns and it is not the intention of the parties to confer third-party beneficiary rights upon any other person.

20.9 Validity. In the event that any provision of this Agreement shall be held invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

20.10 Exhibits and Schedules. The Exhibits and Schedules attached hereto are part of this Agreement as if set forth in full herein. Any material or information disclosed or set forth in this Agreement or in any Exhibit or Schedule delivered in connection herewith shall be deemed set forth at each relevant portion of this Agreement without the necessity of repetition thereof if the other portion of this Agreement to which such disclosed material or information applies are reasonably apparent from the disclosed material or information.

20.11 Further Assurances. If, at any time, either of the parties hereto shall consider or be advised that any further assignments or assurances in law are necessary or desirable to assure itself the benefit of this Agreement according to the terms hereof or the title to any property or rights transferable hereunder, the other party shall execute and make all such reasonable, proper assurances and assignments and do all things reasonably necessary and proper to vest title in such property or right in such party and otherwise carry out the terms of this Agreement.

20.12 Transaction Expenses.

Subject to the provisions of Articles 18 and 19, whether or not the transactions contemplated herein are consummated and, regardless of whether this Agreement is terminated, each party hereto shall pay all of the costs and expenses incurred by it in connection with this Agreement or in consummating the transactions contemplated hereby, including, without limitation, disbursements and expenses of its attorneys, accountant and advisors.

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase Agreement as of the date first above written.

LIMONEIRA COMPANY

By: /s/ Harold Edwards
Its: Chief Executive Officer

By: /s/ Don Delmatoff
Its: Chief Financial Officer

CALAVO GROWERS, INC.

By: /s/ Lecil Cole
Its: Chief Executive Officer

By: /s/ Arthur Bruno
Its: Chief Financial Officer

LEASE AGREEMENT

(OFFICE SPACE)

THIS LEASE AGREEMENT, made and entered into this 15th day of February, 2005, by and between LIMONEIRA COMPANY, a Delaware corporation (hereinafter referred to as "Landlord"), and CALAVO GROWERS, INC., a California corporation (hereinafter referred to as "Tenant");

WITNESSETH:

ARTICLE I

DEMISED PREMISES

1.01 Landlord demises and leases to Tenant, and Tenant rents from Landlord, those certain premises (the "Premises") in the City of Santa Paula, County of Ventura, and State of California, described as follows: the first and second floors of the east wing and three offices in the center building of the Limoneira Ranch Headquarters located at 1141 Cummings Road, Santa Paula, California 93060 (the "Limoneira Headquarters Building"), containing approximately 9,490 square feet, as depicted on Exhibit A attached hereto, together with the improvements and fixtures described on Exhibit B hereto, all of which are to be purchased and installed by Landlord at its sole expense.

ARTICLE II

TERM

2.01 The term of this Lease shall commence on February 15, 2005, and shall continue thereafter for a period of ten (10) years. Tenant shall have options to extend this Lease for two additional terms of five (5) years each. Each such option may be exercised by written notice from Tenant to Landlord given not less than ninety (90) days prior to expiration of the then current Lease term, provided that an Event of Default (as defined below) does not exist under this Lease at the time it delivers its written notice.

ARTICLE III

RENT

3.01 During the first year of the term of this Lease, Tenant shall pay rent to Landlord annual rental of Two Hundred Seven Thousand Two Hundred Twenty-Six Dollars and Sixty Cents (\$207,226.60) in monthly installments of Seventeen Thousand Two Hundred Sixty-Eight Dollars and Eighty-Eight Cents (\$17,268.88) per month on or before the tenth (10th) day of each calendar month for the current calendar month. The payment of said rent shall begin on the commencement date as provided in Section 2.01 hereof. Said rent shall be paid at the office of Landlord, located at 1141 Cummings Road, Santa Paula, California 93060, or at such other place as may be designated in writing from time to time by Landlord. Rent shall be adjusted annually commencing in February, 2007, effective as of the fifteenth day of February to reflect to increase in the "CPI" as of that month over the CPI for February, 2005. No such increase shall be in excess of five percent (5%) in any year. CPI for purposes of this Lease shall mean the

Consumer Price Index for all Urban Consumers for the Los Angeles, Orange and Riverside County areas. In the event that such Index is no longer published at the time of a scheduled rent adjustment, Landlord and Tenant shall agree upon and utilize the most comparable index then being published.

ARTICLE IV

USE OF PREMISES

4.01 Tenant shall occupy and use the Demised Premises for the operation of its corporate offices, or (subject to Landlord's prior written approval not to be unreasonably withheld, delayed or conditioned) any other lawful purpose.

ARTICLE V

PAYMENT OF TAXES AND UTILITY CHARGES

5.01 Taxes. Landlord shall pay all City and County real property taxes on the land and building comprising the Limoneira Headquarters Building, including the Premises. Nothing contained in this Lease shall require Tenant to reimburse Landlord for or pay for any franchise, estate, inheritance, succession, capital levy or transfer tax of Landlord, or any income, excess profits or revenue tax or any other tax, assessment, charge or levy upon the rent payable by Tenant under this Lease. Tenant shall pay any and all taxes assessed or imposed, and which become payable during the Lease term, upon Tenant's fixtures, furniture, appliances and personal property located or installed in the Premises, but not including any of the items listed on Exhibit B hereto installed by Landlord for Tenant's use.

5.02 Utility Charges. Landlord shall pay for all charges for electricity, water, gas and other utility services used on the Premises during the term of this Lease and shall provide janitorial services to the Premises comparable to those it provides for its own corporate offices. Landlord shall also provide all maintenance for the Premises as set forth in Article VI hereof; provided that such services shall not in any event be less than those customarily provided by landlords of comparable leased space in Ventura County, California.

ARTICLE VI

SERVICES

6.01 Landlord shall maintain the public and common areas of the Limoneira Headquarters Building, including, without limitation, lobbies, stairs, elevators, corridors and restrooms, windows, plumbing and electrical equipment, and the structure itself in reasonable good order and condition except for damage occasioned by the act of Tenant, its employees, agents, contractors or invitees, which damage shall be repaired by Landlord at Tenant's expense to the extent such expense is reasonable under the circumstances.

6.02 Landlord shall furnish the Premises with (1) electricity for lighting and the operation of customary office machines and equipment, (2) heat and air conditioning to the extent reasonably required for the comfortable occupancy by Tenant in its use of the Premises, subject to any applicable policies or regulations adopted by any utility or

governmental agency, (3) water for drinking and lavatory purposes, (4) lighting replacement (for building standard lights), (5) restroom supplies, (6) window washing with janitor service. Landlord may establish reasonable measures to conserve energy, including but not limited to, automatic switching off of lights after hours. Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the rent herein reserved be abated by reason of (i) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, except to the extent resulting from Landlord's gross negligence or willful misconduct, (ii) failure to furnish or delay in furnishing any such services when such failure or delay is caused by accident or any condition beyond the reasonable control of Landlord or by the making of repairs or improvements to the Premises or to the Limoneira Headquarters Building, or (iii) the limitation, curtailment, rationing or restrictions on use of water, electricity, gas or any other form of energy serving the Premises or the Limoneira Headquarters Building imposed by any governmental authority.

6.03 Whenever heat-generating equipment or lighting other than building standard lights are used in the Premises by Tenant which affect the temperature otherwise maintained by the air conditioning system, Landlord shall have the right, after notice to Tenant, to install supplementary air conditioning facilities in the Premises or otherwise modify the ventilating and air conditioning system serving the Premises, and the reasonable cost of such facilities and modifications shall be borne by Tenant. Tenant shall also pay the cost of providing all cooling energy to the Premises in excess of that

required for normal office use or during hours requested by Tenant when air conditioning is not otherwise furnished by Landlord. If there is installed in the Premises lighting requiring power in excess of that required for normal office use in the Limoneira Headquarters Building or if there is installed in the Premises equipment requiring power in excess of that required for normal desk-top office equipment or normal copying equipment, Tenant shall pay for the cost of such excess power, together with the reasonable cost of installing any additional risers or other facilities that may be reasonably necessary to furnish such excess power to the Premises.

6.04 In the event that Landlord, at Tenant's request, provides services to Tenant that are not otherwise provided for in this Lease, Tenant shall pay Landlord's reasonable charges for such services upon billing therefor.

6.05 Landlord shall provide to Tenant, without charge, paved parking areas for use by Tenant's officers, directors, employees and invitees. Such parking will be in an asphalt paved parking areas east of the Lemon Packing House. Landlord reserves the right to relocate such parking areas from time to time, provided that such access shall at all times be reasonably proximate to the Premises.

ARTICLE VII

INSURANCE BY TENANT – INDEMNITY

7.01 Public Liability Insurance. Tenant agrees that, at its own cost and expense, it shall procure and continue in force, in the name of Landlord and Tenant,

general liability insurance against any and all claims for injuries to persons occurring in, upon or about the Demised Premises. During the term of this Lease, such insurance shall be in an amount not less than One Million Dollars (\$1,000,000) for injury to or death of any one person in one accident, and not less than Three Million Dollars (\$3,000,000) for injuries to or death of all persons in any one accident and to the limit of not less than Five Hundred Thousand Dollars (\$500,000) in respect to property damage. Such policy shall name Landlord as an additional insured.

7.02 Tenant shall also procure at its costs and expense and keep in effect during the term of this Lease insurance against damage by fire and other perils included within "all-risk" coverage (but excluding earthquake, flood and acts of terrorism) in an amount not less than the full replacement cost of all of the leasehold improvements in the Premises and Tenant's trade fixtures, furnishings and equipment in the Premises. A copy of each policy of insurance shall be delivered to Landlord by Tenant prior to commencement of the term of this Lease and upon each renewal of such insurance. In the event Tenant shall fail to procure such insurance, or to deliver to Landlord such policies, Landlord may, at its option upon no less than five (5) days prior written notice from Landlord, procure the same for the account of Tenant, and the cost thereof shall be paid to Landlord within (5) days after delivery to Tenants of bills therefor. Each insurance policy required to be maintained by Tenant under this Article VII shall provide that it is primary insurance and not excess over or contributory with any other valid, existing and applicable insurance in force for or on behalf of any of the parties required to be named as additional insured thereunder, shall be issued by insurance companies

licensed to do business in the State of California and otherwise reasonably acceptable to Landlord, and shall provide that such insurance may not be cancelled or amended without thirty (30) days' prior written notice to Landlord

7.03 Subrogation. Landlord and Tenant shall each obtain from its respective insurers under all policies of fire insurance, and to the extent obtainable, theft, public liability, workers' compensation and other insurance maintained by either of them at any time during the term hererof insuring or covering the Limoneira Headquarters Building or any portion thereof or operations therein, a waiver of all rights of subrogation which the insurer of one party might have against the other party, and Landlord and Tenant shall each indemnify the other against and reimburse the other for any and all loss or expense, including reasonable attorney's fees, resulting from the failure to obtain such waiver.

7.04 Indemnification. Tenant hereby waives all claims against Landlord for the theft, loss or damage to any property, fixtures or improvements or injury of death of any person in, upon or about the Premises arising at any time and from any cause other than to the extent arising by reason of the gross negligence or willful misconduct of Landlord, its employees or contractors, and Tenant shall indemnify, defend and hold Landlord harmless from any and all loss, cost, damage or liability arising from the use or occupancy of the Premises or the Limoneira Headquarters Building by Tenant or Tenant's failure to perform its obligations under this Lease, except to the extent such is caused by the gross negligence or willful misconduct of Landlord, its contractors or employees. The foregoing indemnity obligation of Tenant shall include reasonable

attorneys' fees, investigation costs and all other reasonable costs and expense incurred by Landlord from the first notice that injury, death or damage has occurred or that any claim or demand is to be made or may be made. The provisions of this Article shall survive the termination of this Lease.

ARTICLE VIII

REPAIRS, MAINTENANCE AND RECONSTRUCTION

8.01 Except as hereinafter provided, Landlord during the entire term of this Lease and any extension thereof, shall keep the entire Premises and all improvement therein, in good condition and repair.

8.02 Tenant shall not have the right, without the consent of Landlord, not to be unreasonably withheld, delayed or conditioned, to make any alterations or additions to the Premises if the reasonable expected cost thereof exceeds twenty-five thousand dollars (\$25,000). Upon the expiration of this Lease, any then existing alterations, additions and improvements made by Tenant to or upon the Premises, except Tenant's signs, shall become the property of Landlord.

8.03 At the termination of this Lease, Tenant shall surrender the Premises to Landlord in good condition and repair, subject only to the consequences and effect of reasonable wear and tear; provided, however, that Tenant shall be under no obligation to repair or restore any portion of said building or other improvements which may be damaged or destroyed by reason of fire, earthquake, the elements or other casualty.

8.04 In the event the Limoneira Headquarters Building shall be damaged by fire, earthquake, the elements or other casualty, the following provision shall apply: if the Limoneira Headquarters Building shall be totally destroyed or partially destroyed from causes covered by insurance to an extent exceeding twenty-five per cent (25%) of the then full replacement costs (excluding foundations), and Landlord has not commenced the repair, reconstruction or restoration of the building within sixty (60) days after the date of such destruction, either Tenant or Landlord shall have the right to terminate this Lease by giving written notice of its election to terminate to the other party within ninety (90) days, but not before sixty (60) days from the date of such destruction. If neither party shall elect to terminate this Lease within such 90-day period, Landlord shall promptly commence repair, reconstruction and restoration of said building and prosecute the same diligently to completion, in which event this Lease shall continue in full force and effect.

8.05 Upon any termination of this Lease under any of the provisions of this Article VIII, Tenant shall surrender possession of the Premises within sixty (60) days after receipt of such written notice of termination, whereupon the parties shall be released thereby from any further obligations to the other except for items which have theretofore accrued and are then unpaid, and such termination shall be deemed to relate back to the date of destruction, provided that if the Premises or any portion thereof shall be kept open for business after the date of destruction and prior to the surrender of possession of the Premises, the termination date shall be the date that Tenant shall discontinue the conduct of its business in the Premises. In the event of any termination, as herein provided,

Tenant shall forthwith surrender the Premises to Landlord, and upon such surrender Landlord shall refund to Tenant any unearned rent paid by Tenant, calculated at a daily rate based on the regular monthly rate and shall pay to Tenant and unexpired taxes and insurance premiums.

8.06 In the event of repair, reconstruction and restoration under any of the conditions of this Article VIII, Tenant shall not be entitled to any damages by reason of any inconveniences or loss sustained by Tenant. During any such period of repair, reconstruction and restoration, all rent paid in advance shall be apportioned, and the monthly rental thereafter accruing shall be equitably and proportionately prorated and adjusted according to the nature, extent and duration of the damage sustained and according to the suitability of the Premises for the use and occupancy of Tenant in the conduct of its business, until the Premises shall have been repaired, reconstructed or restored by Landlord. The full rental shall again become payable at such time after the completion of such work of repair, reconstruction and restoration and when Tenant shall use the restored part of the Premises in the carrying on of its business, or within thirty (30) days after the completion of such work, whichever shall first occur.

ARTICLE IX

ENTRY BY LANDLORD

9.01 Landlord may enter the Premises at reasonable hours to (a) inspect the same; (b) exhibit the same to prospective purchasers, lenders or tenants, provided, however, that Landlord shall only exhibit the Premises to prospective tenants during the

final twelve (12) months of Tenant's occupancy of the Premises; (c) determine whether Tenant is complying with all its obligations hereunder; (d) supply janitor service and any other service to be provided by Landlord to Tenant hereunder; (e) make repairs required of Landlord under the terms hereof or repairs to any adjoining space or utility services or make repairs, alterations or improvements to any other portion of the Building; provided that no entry by Landlord shall unreasonably interfere with Tenant's use or occupancy of the Premises. Tenant hereby waives any claim for damages for any inconvenience to or interference with Tenant's business or any loss of occupancy or quiet enjoyment of the Premises occasioned by such entry, except to the extent that such damages result from Landlord's unreasonable interference with Tenant's use or occupancy of the Premises or Landlord's gross negligence or willful misconduct Landlord shall at all time have and retain a key with which to unlock all of the doors in, on or about the Premises (excluding Tenant's vaults, safes and similar areas designated in writing by Tenant in advance); and Landlord shall have the right to use any and all means which Landlord may deem proper to open Tenant's doors in an emergency in order to obtain entry to the Premises, and any entry to the Premises obtained by Landlord in an emergency shall not be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

ARTICLE X

EVENTS OF DEFAULT

10.01 Default. The following events shall constitute Events of Default under this Lease:

(a) Tenant's failure to pay when due any rent or other sum payable hereunder and the continuation of such failure for a period of fifteen (15) days after Tenant receives written notice from Landlord that the same is due, provided that if Tenant has failed three or more times in any twelve-month period to pay any rent or other sum within such fifteen (15) day period, such grace period shall thereafter be reduced to three (3) days;

(b) Tenant's failure to perform any of the other terms, covenants, agreements or conditions contained herein and, if the failure is curable, the continuation of such failure for a period of thirty (30) days after notice by Landlord or beyond the time reasonably necessary for cure if the failure is of a nature to require more than thirty (30) days to remedy, provided that if Tenant has failed to perform the same obligation three or more times in any twelve-month period and notice of such failure has been given by Landlord in each instance, no cure period shall thereafter be applicable hereunder;

(c) The bankruptcy or insolvency of Tenant, transfer by Tenant in fraud of creditors, an assignment by Tenant for the benefit of creditors, or the commencement of any proceedings of any kind by or against Tenant under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy or reorganization act unless, in the event any such proceeding such involuntary, Tenant is discharged from the same within ninety (90) days thereafter;

(d) the appointment of a receiver for all or a substantial part of the assets of Tenant;

(e) the abandonment of the Premises; or

(f) the levy upon Tenant's interest in this Lease or any estate of Tenant hereunder by any attachment or execution and the failure to have such attachment or execution vacated within thirty (30) days thereafter.

ARTICLE XI

TERMINATION UPON DEFAULT

11.01 In any notice given pursuant to Article X above, Landlord in its sole discretion may elect to declare a forfeiture of this Lease as provided in Section 1161 of the California Code of Civil Procedure, and provided that Landlord's notice state such an election, Tenant's right to possession shall terminate and this Lease shall terminate, unless on or before the date specified in such notice, all arrears of rent and all other sums payable by Tenant under this Lease and all costs and expenses incurred by or on behalf of Landlord hereunder, including reasonable attorneys' fees shall be paid by Tenant and all other breaches of this Lease by Tenant at the time existing shall have been fully remedied to the satisfaction of Landlord. Upon such termination, Landlord may, at its option and without any further notice or demand, in addition to any other rights and remedies given hereunder or by law, exercise its remedies relating hereto in accordance with the following provisions:

(i) In the event of any such termination of this Lease, Landlord may then or at any time thereafter by judicial process, re-enter the Premises and remove therefrom all persons and property and again repossess and enjoy the Premises, without prejudice to any other remedies that Landlord may have by reason of Tenant's default or of such termination.

(ii) In the event of any such termination of this Lease, and in addition to any other rights and remedies Landlord may have, Landlord shall have all of the rights and remedies of a landlord provided by Section 1951.2 of the California Civil Code. The amount of damages which Landlord may recover in event of such termination shall include, without limitation, (1) the worth at the time of award (computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent) of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Tenant proves could be reasonably avoided, (2) all reasonable legal expenses and other related costs incurred by Landlord following Tenant's default, (3) all reasonable costs incurred by Landlord in restoring the Premises to good order and condition, or in remodeling, and (4) all costs (including, without limitation, any brokerage commissions) incurred by Landlord in reletting the Premises.

(iii) After terminating this Lease, Landlord may remove any and all personal property of Tenant located in the Premises and place such property in a public or private warehouse or elsewhere at the sole cost and expense of Tenant. In the event that

Tenant shall not immediately pay the cost of storage of such property after the same has been stored for a period of thirty (30) days or more, Landlord may sell any or all thereof at a public or private sale in such manner and such times and places as Landlord in its sole discretion may deem proper, without notice to or demand upon Tenant. Tenant waives all claims for damages that may be caused by Landlord's removing or storing or selling the property as herein provided, and Tenants shall indemnify and hold Landlord free and harmless from and against any and all losses, costs and damages, including without limitation all costs of court and attorneys' fees of Landlord occasioned thereby, except for those arising by reason of Landlord's gross negligence or willful misconduct.

11.02 In the event of the occurrence of any of the events specified in Section 10.01(c) of this Lease, if Landlord shall not choose the exercise, or by law shall not be able to exercise, its rights hereunder to terminate this Lease, then, in addition to any other rights of Landlord hereunder or by law, (1) Landlord may discontinue the services provided pursuant to Article VI of this Lease, unless Landlord has received compensation in advance for such services in the amount of Landlords' reasonable estimate of the compensation required with respect to such services, and (2) neither Tenant, as debtor-in-possession, nor any trustee or other person (collectively, the "Assuming Tenant") shall be entitled to assume this Lease unless on or before the date of such assumption, the Assuming Tenant (a) cures, or provides adequate assurance that the Assuming Tenants will promptly cure, any existing default under this Lease, (b) compensates, or provides adequate assurance that the Assuming Tenant will promptly compensate, Landlord for any pecuniary loss (including, without limitation, attorneys' fees and disbursement)

resulting from such default, and (c) provides adequate assurance of future performance under this Lease. For purposes of this Section 11.02, "adequate assurance" of such cure, compensation of future performance shall be effected by the establishment of an escrow fund for the amount at issue or by bonding.

ARTICLE XII

CONTINUATION AFTER DEFAULT

12.01 If an Event of Default exists under this Lease and Tenant has abandoned the Premises, Landlord shall also have the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant has breached this Lease and abandoned the Premises and recover rent as it becomes due; provided, however that Tenants has the right to sublet or assign this Lease, subject only to reasonable limitations). Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession.

12.02 The remedies provided for in this Lease are in addition to any other remedies available to Landlord at law or in equity by statute or otherwise.

ARTICLE XIII

ASSIGNMENT AND SUBLEASE

13.01 Tenants shall not have the right at any time to sublease, sublet or assign all or any portion of the Premises or its interest in this Lease. Any such assignment or subleasing shall be void unless Landlord shall first agree in writing to such assignment or subletting, which agreement Landlord shall not unreasonably withhold, delay or condition.

ARTICLE XIV

ENCUMBRANCES BY LANDLORD

14.01 Tenant agrees that, except as hereinafter provided with respect to Tenant's right to possession of the Premises, Tenant's rights under this Lease are and shall always be subordinate to the lien of any mortgage or trust deed now or hereafter placed from time to time upon the Limoneira Headquarters Building of which the Premises are a part in favor of a bank, savings and loan association, insurance company or other financial institution. Tenant shall, upon written demand from Landlord, execute such other and further instruments or assurances subordinating this Lease to the lien or liens of any such mortgage or mortgages or trust deeds except as hereinafter limited with respect to Tenant's right to possession. Tenant's possession and right of use under this Lease in and to the Premises shall not, however, be disturbed by any mortgagee, trustee under a trust deed, owner or holder of a note secured by a mortgage or trust deed now existing or hereafter placed on the Limoneira Headquarters Building unless and until Tenant shall breach any of the provisions of this Lease and the Lease term or Tenant's right to

possession shall have been lawfully terminated in accordance with the provisions of this Lease. If any mortgagee or trustee under a trust deed elects to have Tenant's interest in this Lease superior to any such interest by notice to Tenant, then this Lease shall be deemed superior to any such mortgage or trust deed whether this Lease was executed before or after such mortgage or trust deed.

ARTICLE XV

TERMINATION – ABATEMENT

15.01 If, without Tenant's fault, the operation on the Premises of the business then being conducted on the Premises is substantially impaired or prevented for more than ninety (90) days by the deprivation or limitation of any access thereto or therefrom, by any governmental taking or action, Tenant may terminate this Lease by giving Landlord at least thirty (30) days' written notice; provided that, in the event of any such acquisition or taking, such notice may be given at any time not later than ninety (90) days after physical possession of the Premises is taken or the judgment in the condemnation proceeding becomes final, whichever occurs later; and if the taking is total, the rent shall immediately abate, or if only partial, but is sufficient in Tenant's reasonable judgment to prevent or substantially impair operation of the business then located on the Premises, the rent shall abate when physical possession of the Premises is taken. Neither the existence nor exercise of any right under this Lease to terminate, nor any abatement of rent, shall waive, limit or affect in any way Tenant's rights, then accrued or thereafter to accrue, in any proceeding, settlement or award for condemnation or for damages resulting from any other of the events specified in this Article XV.

ARTICLE XVI

EMINENT DOMAIN

16.01 In the event the entire Premises shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority, this Lease shall terminate and expire as of the date of such taking and the parties hereto shall thereupon be released from any liability thereafter accruing hereunder.

16.02 In the event more than ten percent (10%) of the ground floor area of the Premises is taken under the power of eminent domain by any public or quasi-public authority, Tenant shall have the right to terminate this Lease as of the date of such taking upon giving to Landlord notice, in writing, of such election within thirty (30) days after such appropriation or taking. In the event of such termination, both parties shall thereupon be released from any liability thereafter accruing hereunder. Landlord agrees immediately after it received notice of the intention of any such authority to appropriate or take to give to Tenant notice, in writing, thereof.

16.03 This Lease is not terminated by Tenant in accordance with the foregoing provisions, there shall be no abatement of rent and this Lease shall remain in full force and effect and Landlord shall receive and retain any amount awarded as compensation for the taking of fixtures and equipment owned by Landlord or for the expense of removing or repairing the same or for improvements constructed by Landlord at its own cost.

16.04 If this Lease is terminated in the manner hereinabove provided, each party shall be entitled to any award made to it in such proceedings, but the rent for the last month of Tenant's occupancy shall be prorated and Landlord agrees to refund to Tenant any rent paid in advance.

XVII

ATTORNEYS' FEES

17.01 If as a result of any breach or default in the performance of any of the provisions of this Lease, Landlord uses the services of an attorney in order to secure compliance with such provision or recover damages therefor, or to terminate this Lease or evict Tenants, Tenant shall reimburse Landlord upon demand for any and all reasonable attorneys' fees and expenses so incurred by Landlord, provided that if Tenant shall be the prevailing party in any legal action brought by Landlord against Tenant, Tenant shall be entitled to recover reasonable attorneys' fees and expenses incurred by Tenant.

ARTICLE XVIII

HOLDING OVER

18.01 Any holding over after the expiration of the term of this Lease with the consent of Landlord shall be deemed a tenancy from month-to-month at a rental equal to one hundred twenty percent (120%) of the monthly rental being paid by Tenant as of the last month of the term of this Lease. All other conditions and agreements of this Lease shall be applicable to such holding over.

ARTICLE XIX

MISCELLANEOUS

19.01 Notices. Whenever under this Lease a provision is made for any demand, notice or declaration of any kind or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the other, it shall be in writing sent by registered or certified mail with postage prepaid, if to Tenant, addressed to Tenant at 1141 A Cummings Road, Santa Paula, California 93060 and if to Landlord, addressed to Landlord at 1141 Cummings Road, Santa Paula, California 93060 and either party may, by like notice, at any time and from time to time, designate a different address to which notices shall be sent. Such notices, demands or declarations shall be deemed sufficiently served or given for all purposes hereunder at the time they shall be mailed by United States registered or certified mail as aforesaid.

19.02 Waiver. One or more waivers of any covenant, term or condition of this Lease by either party shall not be construed by the other party as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval of either party to or of any act by the other party of a nature requiring consent or approval shall not be deemed to waiver or render unnecessary consent to or approval of any subsequent similar act.

19.03 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever

between Landlord and Tenant, it being expressly understood and agreed that none of the provisions contained in this Lease nor any act or acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of Landlord and Tenant.

19.04 Governing Laws. The laws of the State of California shall govern the validity, performance and enforcement of this Lease.

19.05 Savings Clause. The invalidity or unenforcibility of any provision of this Lease shall not affect or impair the validity of any other provision.

19.06 Margin Headings. The Paragraph titles herein are for convenience only and do not define, limit or construe the contents of such Paragraph.

19.07 Covenant to Bind Successors. It is agreed that the provisions, covenants and conditions of this Lease shall be binding on the legal representatives, heirs, successors and assigns of the respective parties hereto.

19.08 Entire Agreement. This Lease and the Exhibits attached hereto and forming a part hereof, set forth all of the covenants, promises, agreements, conditions and understandings between Landlord and Tenant governing the Premises. There are no covenants, promises, agreements, conditions and understandings, either oral or written, between them other than those herein set forth. Except as herein provided, no subsequent

alterations, amendments, changes or additions to this Lease shall be binding upon Landlord or Tenant unless and until reduced to writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement as of the day and year first above written.

LANDLORD

LIMONEIRA COMPANY

By /s/ Harold Edwards

By /s/ Don Delmatoff

TENANT

CALAVO GROWERS INC.

By /s/ Lecil Cole

By /s/ Arthur Bruno

STANDSTILL AGREEMENT

This STANDSTILL AGREEMENT, dated as of June 1, 2005 (this "AGREEMENT"), is entered into by and among CALAVO GROWERS, INC., a California corporation ("CALAVO"), LIMONEIRA COMPANY, a Delaware corporation ("LIMONEIRA"), and the other parties who are signatories below ("LIMONEIRA AFFILIATES"). Limoneira and the Limoneira Affiliates are sometimes referred to herein individually as an "INVESTOR" and collectively, as the "INVESTORS".

WHEREAS, Calavo and Limoneira have entered into a Stock Purchase Agreement, dated June 1, 2005 (the "STOCK PURCHASE AGREEMENT");

WHEREAS, as a condition to the consummation of the transactions provided for in the Stock Purchase Agreement, Calavo desires that the Investors make certain representations, warranties, covenants and agreements as set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and in the Stock Purchase Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. Capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed thereto in the Stock Purchase Agreement.

2. Representations and Warranties of Each Investor. To induce Calavo to enter into this Agreement and the Stock Purchase Agreement and to consummate the transactions contemplated hereby and thereby, each Investor

represents and warrants (as to himself or itself only and not with respect to any other Investor) to Calavo as follows:

2.1 Binding Agreement. The execution, delivery and performance of this Agreement by such Investor and the consummation by such Investor of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate or partnership action (if applicable) on the part of such Investor. This Agreement has been duly executed and delivered by such Investor, and, assuming the valid authorization, execution and delivery hereof by Calavo, is a valid and binding obligation of such Investor, enforceable against such Investor in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting or relating to the enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity.)

2.2 Execution; No Violations. The execution and delivery of this Agreement by such Investor does not, and the consummation by such Investor of the transaction contemplated hereby will not: (a) violate or conflict with any organizational documents of such Investor (if applicable) or any agreement, order, injunction, decree, or judgment to which such Investor is a party or by which such Investor is bound; or (b) violate any law, rule or regulation applicable to such Investor.

2.3 Governmental and Other Consents. No consent, approval or authorization of, or designation, registration, declaration or filing with, any governmental entity or third Person is required on the part of such Investor in connection with the execution or delivery of this Agreement or the consummation by it of the transactions contemplated hereby.

2.4 Share Ownership. Limoneira does not own directly or indirectly any voting securities of Calavo, or any securities convertible into or exchangeable or exercisable for any voting securities of Calavo, or which, upon redemption thereof could result in Limoneira or any of its Affiliates receiving any voting securities of Calavo, or options, warrants, contractual rights or other rights of any kind to acquire or vote any voting securities of Calavo (collectively, the “VOTING SECURITIES”), except those securities acquired pursuant to the Stock Purchase Agreement (the “CALAVO SHARES”).

3. Standstill Arrangements.

3.1 Acquisition of Additional Voting Securities. Limoneira hereby covenants and agrees that prior to the Termination Date (as hereinafter defined), neither it nor any of its Subsidiaries will, without the prior approval of the Board of Directors of Calavo, directly or indirectly, purchase or otherwise acquire (other than pursuant to a stock split or stock dividend) or make any proposal, other than a confidential proposal to the Board of Directors of Calavo, to or agree to acquire, or become or agree to become the beneficial owner of, more than 12.6% of the outstanding Voting Securities, other than (i) the Calavo Shares or (ii) any Voting Securities issued as dividends on or otherwise issued in exchange or in consideration of or with respect to the Calavo Shares (the “DIVIDEND SHARES”) or shares issued as dividends on the Dividend Shares or in exchange for or in respect of the Dividend Shares.

3.2 Prohibited Actions. Each Investor hereby agrees (as to himself or itself only and not with respect to any other Investor) that, prior to the Termination Date, such Investor will not, without the prior approval of the Board of Directors of Calavo, directly or indirectly, solicit, request, advise, assist or encourage others to, take any of the following actions:

(a) form, join in or in any other way participate in a “partnership, limited partnership, syndicate or other group” within the meaning of Section 13(d) (3) of the Exchange Act with respect to Voting Securities or deposit any Voting Securities in a voting trust or similar arrangement or subject any Voting Securities to any voting agreement or pooling arrangement, other than with one or more Affiliates of such Investor with respect to the Calavo Shares;

(b) solicit proxies or written consents of stockholders with respect to Voting Securities under any circumstances, or make, or in any way participate in, any “solicitation” of any “proxy” to vote any Voting Securities (other than a solicitation conducted by Calavo), or become a “participant” in any election contest with respect to Calavo (as such terms are defined or used in Rule 14a-1 under the Exchange Act) other than an election contest related to election of members of the Board of Directors elected solely by the holders of the Calavo Shares;

(c) seek to call, or request the call of, a special meeting of the stockholders of Calavo unless first presented to the Calavo Board of Directors or seek to make, or make, a stockholder proposal at any meeting of the stockholders of Calavo that has not first been presented to the Calavo Board of Directors;

(d) commence, or announce any intention to commence, any tender offer for any Voting Securities;

(e) make, announce any intention or desire to make, or facilitate the making of, any proposal (other than a confidential proposal to Calavo) or bid with respect to the acquisition of any substantial portion of the assets of Calavo or of the assets or stock of any of its subsidiaries or of all or any portion of the outstanding Voting Securities, or recapitalization or liquidation involving Calavo or any of its subsidiaries;

(f) knowingly arrange, or in any way knowingly participate in, any financing for any transaction referred to in clauses 3(a) through 3(e) above; or

(g) make any request, or otherwise seek (in any fashion that would require public disclosure by Calavo, such Investor or their respective Affiliates) to obtain any waiver or amendment of any provision of this Agreement or take any action restricted hereby.

4. Termination. This Agreement shall terminate with respect to a particular Investor on the date that such Investor and its Affiliates no longer own Voting Securities representing at least 5% of the outstanding Voting Securities of Calavo (the "TERMINATION DATE").

5. Remedies. Each party hereto hereby acknowledges and agrees that irreparable harm would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to specific performance hereunder, including, without limitation, an injunction or injunctions to prevent and enjoin breaches of the provisions of this Agreement and to enforce specifically the terms and provision hereof in any state or federal court in the State of California, in addition to any other remedy to which they may be entitled at law or in equity. Any requirements of the securing or posting of any bond with such remedy are waived. All rights and remedies under this Agreement are cumulative, not exclusive, and shall be in addition to all rights and remedies available to either party at law or in equity. No party hereto shall be responsible for a breach by another party if the non-breaching party does not participate in the breach.

6. Jurisdiction; Venue. The parties hereto hereby irrevocably and unconditionally consent to and submit to the jurisdiction of the courts of the State of California and of the United States of America located in the State of California for any actions, suits or proceedings arising out of or relating to this Agreement or the transactions contemplated hereby, and further agree that service of any process, summons, notice or document by U.S. certified mail to the respective

addresses set forth in Section 10 hereof shall be effective service of process for any such action, suit or proceeding brought against any party in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement, or the transactions contemplated hereby, in the courts of the State of California of the United States of America located in the State of California, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in any inconvenient forum.

7. Entire Agreement. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and may be amended only by an agreement in writing executed by the parties hereto.

8. Headings. Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

9. Number; Gender. Whenever the singular number is used herein, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

10. Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein and all legal process in regard hereto shall be validly given, made or served, if in writing and sent by U.S. certified mail, return receipt requested:

if to Limoneira: Limoneira Company
 1141 Cummings Road
 Santa Paula, CA 93060
 Attention: Harold S. Edwards, CEO

with a copy to: Lawrence E. Stickney, Esq.

Walker, Wright, Tyler & Ward
626 Wilshire Blvd., Suite 900
Los Angeles, CA 90017

if to Calavo: Calavo Growers, Inc.
1141 A Cummings Road
Santa Paula, CA 93060
Attention: Lecil E. Cole, Chairman

with a copy to: Marc L. Brown, Esq.
Troy & Gould, APC
1801 Century Park East
Suite 1600
Los Angeles, CA 90067

11. Enforceability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. It is hereby stipulated and declared to be the intention of the parties that the parties would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable. In addition, the parties agree to use their best efforts to agree upon and substitute a valid and enforceable term, provision, covenant or restriction for any of such that is held invalid, void or unenforceable by a court of competent jurisdiction.

12. Law Governing. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California without regard to any conflict of laws provisions thereof.

13. Binding Effect; No Assignment. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties hereto, or their respective heirs, successors, executors, administrators and assigns any rights,

remedies, obligations or liabilities under or by reason of this Agreement. No party to this Agreement may assign its rights or delegate its obligations hereunder (whether voluntarily, involuntarily, or by operation of law) without the prior written consent of the other parties. Any such attempted assignment shall be null and void.

14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15. Section Headings. The headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written hereinabove.

Calavo: CALAVO GROWERS, INC.

By: /s/ Lecil E. Cole

Name: Lecil E. Cole

Title: Chairman, President and CEO

Limoneira: LIMONEIRA COMPANY

By: /s/ Harold S. Edwards

Name: Harold S. Edwards

Title: President and CEO

Limoneira Affiliates:

/s/ Harold S. Edwards

Name: Harold S. Edwards

/s/ Alex M. Teague

Name: Alex M. Teague

/s/ G. Ronald Hendren

Name: G. Ronald Hendren

/s/ Don P. Delmatoff

Name: Don P. Delmatoff

/s/ Allan M. Pinkerton

Name: Allan M. Pinkerton

/s/ John W. Blanchard

Name: John W. Blanchard

/s/ Gordon E. Kimball

Name: Gordon E. Kimball

/s/ Robert M. Sawyer

Name: Robert M. Sawyer

/s/ Samuel R. Edwards

Name: Samuel R. Edwards

/s/ Robert A. Proctor

Name: Robert A. Proctor

/s/ Ronald L. Michaelis

Name: Ronald L. Michaelis

/s/ Alan M. Teague

Name: Alan M. Teague

/s/ John W.H. Merriman

Name: John W.H. Merriman

/s/ John M. Dickenson

Name: John M. Dickenson

STANDSTILL AGREEMENT

This STANDSTILL AGREEMENT, dated as of June 1, 2005 (this "AGREEMENT"), is entered into by and among LIMONEIRA COMPANY, a Delaware corporation ("LIMONEIRA"), CALAVO GROWERS, INC., a California corporation ("CALAVO"), and the other parties who are signatories below ("CALAVO AFFILIATIES"). Calavo and the Calavo Affiliates are sometimes referred to herein individually as an "INVESTOR" and collectively, as the "INVESTORS".

WHEREAS, Calavo and Limoneira have entered into a Stock Purchase Agreement, dated June 1, 2005 (the "STOCK PURCHASE AGREEMENT");

WHEREAS, as a condition to the consummation of the transactions provided for in the Stock Purchase Agreement, Limoneira desires that the Investors make certain representations, warranties, covenants and agreements as set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and in the Stock Purchase Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. Capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed thereto in the Stock Purchase Agreement.
2. Representations and Warranties of Each Investor. To induce Limoneira to enter into this Agreement and the Stock Purchase Agreement and to consummate the transactions contemplated hereby and thereby, each Investor

represents and warrants (as to himself or itself only and not with respect to any other Investor) to Limoneira as follows:

2.1 Binding Agreement. The execution, delivery and performance of this Agreement by such Investor and the consummation by such Investor of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate or partnership action (if applicable) on the part of such Investor. This Agreement has been duly executed and delivered by such Investor, and, assuming the valid authorization, execution and delivery hereof by Limoneira, is a valid and binding obligation of such Investor, enforceable against such Investor in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting or relating to the enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity.)

2.2 Execution; No Violations. The execution and delivery of this Agreement by such Investor does not, and the consummation by such Investor of the transaction contemplated hereby will not: (a) violate or conflict with any organizational documents of such Investor (if applicable) or any agreement, order, injunction, decree, or judgment to which such Investor is a party or by which such Investor is bound; or (b) violate any law, rule or regulation applicable to such Investor.

2.3 Governmental and Other Consents. No consent, approval or authorization of, or designation, registration, declaration or filing with, any governmental entity or third Person is required on the part of such Investor in connection with the execution or delivery of this Agreement or the consummation by it of the transactions contemplated hereby.

2.4 Share Ownership. Calavo does not own directly or indirectly any voting securities of Limoneira, or any securities convertible into or exchangeable or exercisable for any voting securities of Limoneira, or which, upon redemption thereof could result in Calavo or any of its Affiliates receiving any voting securities of Limoneira, or options, warrants, contractual rights or other rights of any kind to acquire or vote any voting securities of Limoneira (collectively, the "VOTING SECURITIES"), except those securities acquired pursuant to the Stock Purchase Agreement (the "LIMONEIRA SHARES").

3. Standstill Arrangements.

3.1 Acquisition of Additional Voting Securities. Calavo hereby covenants and agrees that prior to the Termination Date (as hereinafter defined), neither it nor any of its Subsidiaries will, without the prior approval of the Board of Directors of Limoneira, directly or indirectly, purchase or otherwise acquire (other than pursuant to a stock split or stock dividend) or make any proposal, other than a confidential proposal to the Board of Directors of Limoneira, to or agree to acquire, or become or agree to become the beneficial owner of, more than 4.943% of the outstanding Voting Securities, other than (i) the Limoneira Shares or (ii) any Voting Securities issued as dividends on or otherwise issued in exchange or in consideration of or with respect to the Limoneira Shares (the "DIVIDEND SHARES") or shares issued as dividends on the Dividend Shares or in exchange for or in respect of the Dividend Shares.

3.2 Prohibited Actions. Each Investor hereby agrees (as to himself or itself only and not with respect to any other Investor) that, prior to the Termination Date, such Investor will not, without the prior approval of the Board of Directors of Limoneira, directly or indirectly, solicit, request, advise, assist or encourage others to, take any of the following actions:

(a) form, join in or in any other way participate in a “partnership, limited partnership, syndicate or other group” within the meaning of Section 13(d) (3) of the Exchange Act with respect to Voting Securities or deposit any Voting Securities in a voting trust or similar arrangement or subject any Voting Securities to any voting agreement or pooling arrangement, other than with one or more Affiliates of such Investor with respect to the Limoneira Shares;

(b) solicit proxies or written consents of stockholders with respect to Voting Securities under any circumstances, or make, or in any way participate in, any “solicitation” of any “proxy” to vote any Voting Securities (other than a solicitation conducted by Limoneira), or become a “participant” in any election contest with respect to Limoneira (as such terms are defined or used in Rule 14a-1 under the Exchange Act) other than an election contest related to election of members of the Board of Directors elected solely by the holders of the Limoneira Shares;

(c) seek to call, or request the call of, a special meeting of the stockholders of Limoneira unless first presented to the Limoneira Board of Directors or seek to make, or make, a stockholder proposal at any meeting of the stockholders of Limoneira that has not first been presented to the Limoneira Board of Directors;

(d) commence, or announce any intention to commence, any tender offer for any Voting Securities;

(e) make, announce any intention or desire to make, or facilitate the making of, any proposal (other than a confidential proposal to Limoneira) or bid with respect to the acquisition of any substantial portion of the assets of Limoneira or of the assets or stock of any of its subsidiaries or of all or any portion of the outstanding Voting Securities, or recapitalization or liquidation involving Limoneira or any of its subsidiaries;

(f) knowingly arrange, or in any way knowingly participate in, any financing for any transaction referred to in clauses 3(a) through 3(e) above; or

(g) make any request, or otherwise seek (in any fashion that would require public disclosure by Limoneira, such Investor or their respective Affiliates) to obtain any waiver or amendment of any provision of this Agreement or take any action restricted hereby.

4. Termination. This Agreement shall terminate with respect to a particular Investor on the date that such Investor and its Affiliates no longer own Voting Securities representing at least 5% of the outstanding Voting Securities of Limoneira (the "TERMINATION DATE").

5. Remedies. Each party hereto hereby acknowledges and agrees that irreparable harm would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to specific performance hereunder, including, without limitation, an injunction or injunctions to prevent and enjoin breaches of the provisions of this Agreement and to enforce specifically the terms and provision hereof in any state or federal court in the State of California, in addition to any other remedy to which they may be entitled at law or in equity. Any requirements of the securing or posting of any bond with such remedy are waived. All rights and remedies under this Agreement are cumulative, not exclusive, and shall be in addition to all rights and remedies available to either party at law or in equity. No party hereto shall be responsible for a breach by another party if the non-breaching party does not participate in the breach.

6. Jurisdiction; Venue. The parties hereto hereby irrevocably and unconditionally consent to and submit to the jurisdiction of the courts of the State of California and of the United States of America located in the State of California for any actions, suits or proceedings arising out of or relating to this Agreement or the transactions contemplated hereby, and further agree that service of any process, summons, notice or document by U.S. certified mail to the respective

addresses set forth in Section 10 hereof shall be effective service of process for any such action, suit or proceeding brought against any party in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement, or the transactions contemplated hereby, in the courts of the State of California of the United States of America located in the State of California, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in any inconvenient forum.

7. Entire Agreement. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and may be amended only by an agreement in writing executed by the parties hereto.

8. Headings. Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

9. Number; Gender. Whenever the singular number is used herein, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

10. Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein and all legal process in regard hereto shall be validly given, made or served, if in writing and sent by U.S. certified mail, return receipt requested:

if to Limoneira: Limoneira Company
 1141 Cummings Road
 Santa Paula, CA 93060
 Attention: Harold S. Edwards, CEO

with a copy to: Lawrence E. Stickney, Esq.

Walker, Wright, Tyler & Ward
626 Wilshire Blvd., Suite 900
Los Angeles, CA 90017

if to Calavo:

Calavo Growers, Inc.
1141 A Cummings Road
Santa Paula, CA 93060
Attention: Lecil E. Cole, Chairman

with a copy to:

Marc L. Brown, Esq.
Troy & Gould, APC
1801 Century Park East
Suite 1600
Los Angeles, CA 90067

11. Enforceability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. It is hereby stipulated and declared to be the intention of the parties that the parties would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable. In addition, the parties agree to use their best efforts to agree upon and substitute a valid and enforceable term, provision, covenant or restriction for any of such that is held invalid, void or unenforceable by a court of competent jurisdiction.

12. Law Governing. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California without regard to any conflict of laws provisions thereof.

13. Binding Effect; No Assignment. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties hereto, or their respective heirs, successors, executors, administrators and assigns any rights,

remedies, obligations or liabilities under or by reason of this Agreement. No party to this Agreement may assign its rights or delegate its obligations hereunder (whether voluntarily, involuntarily, or by operation of law) without the prior written consent of the other parties. Any such attempted assignment shall be null and void.

14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15. Section Headings. The headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written hereinabove.

Limoneira:

LIMONEIRA COMPANY

By: /s/ Harold S. Edwards

Name: Harold S. Edwards

Title: President and CEO

Calavo:

CALAVO GROWERS, INC.

By: /s/ Lecil E. Cole

Name: Lecil E. Cole

Title: Chairman, President and CEO

Calavo Affiliates:

/s/ Lecil E. Cole

Name: Lecil E. Cole

/s/ Arthur J. Bruno

Name: Arthur J. Bruno

/s/ Fred J. Ferrazzano

Name: Fred J. Ferrazzano

/s/ John M. Hunt

Name: John M. Hunt

/s/ George H. Barnes

Name: George H. Barnes

/s/ J. Link Leavens

Name: J. Link Leavens

/s/ Alva V. Snider

Name: Alva V. Snider

/s/ Michael D. Hause

Name: Michael D. Hause

/s/ Dorcas H. McFarlane

Name: Dorcas H. McFarlane

/s/ Scott Van Der Kar

Name: Scott Van Der Kar

CERTIFICATION PURSUANT TO
15 U.S.C. § 7241
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lecil E. Cole, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Calavo Growers, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 8, 2005

/s/ Lecil E. Cole

Lecil E. Cole
Chairman of the Board of Directors,
President and Chief Executive Officer

CERTIFICATION PURSUANT TO
15 U.S.C. § 7241
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Arthur J. Bruno, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Calavo Growers, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 8, 2005

/s/ Arthur J. Bruno

Arthur J. Bruno
Vice President, Finance and Corporate Secretary
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Calavo Growers, Inc. (the "Company") on Form 10-Q for the period ended April 30, 2005, as filed with the Securities and Exchange Commission (the "Report"), I, Lecil E. Cole, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Lecil E. Cole

Lecil E. Cole
Chief Executive Officer
June 8, 2005

CERTIFICATION PURSUANT TO
18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Calavo Growers, Inc. (the "Company") on Form 10-Q for the period ended April 30, 2005, as filed with the Securities and Exchange Commission (the "Report"), I, Arthur J. Bruno, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Arthur J. Bruno

Arthur J. Bruno

Vice President, Finance and Corporate Secretary (Principal Financial Officer)

June 8, 2005