OCTOBER 31, 2011

A TRANSFORMATIVE YEAR

Post By Calavo Growers, Inc.

It's been 12 months since our last post. Time flies! The most recent fiscal year was productive—if not downright transformative—for Calavo Growers, Inc. We cast the strategic die from which we intend to grow our company to a $1 billion (in sales) enterprise focused in two principal business units, Fresh and Calavo Foods.

Read More...

Our purchase of Renaissance Food Group, LLC (RFG) was the cornerstone of our fiscal 2011 achievements. A leader in the fast-growing refrigerated fresh packaged goods category, RFG offers a broad product lineup sold through retail deli, meat, produce and food-service departments under the Garden Highway and Chef Essentials brands.

RFG's strength in product innovation and speed to market, coupled with Calavo distribution clout and financial resources, is a formidable pairing. The combination now positions Calavo as a leader in three of the fastest-growing grocery categories: avocados, fresh dips and fresh packaged goods.

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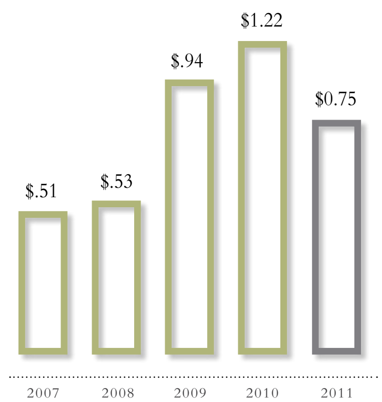
OCTOBER 31, 2011

CALAVO BY THE NUMBERS

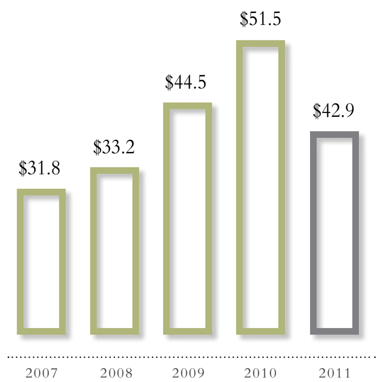
Post By Calavo Growers, Inc.

REVENUE *(dollars in millions)*

NET INCOME *(dollars in millions)*



EARNINGS PER SHARE *(dollars)*



GROSS MARGIN *(dollars in millions)*

ARTICLES, REVIEWS & FEATURES

NEWS

FOLLOW US

LIKE US

$522.5 million
in total revenues, a new record and 31% increase from fiscal 2010

4.7% SG&A
as a percentage of total revenues, a decrease of 110 basis points from last year

55 cent per share
annual cash dividend, an increase of 175% since 2002

$346,500
in revenue per Calavo employee, indicative of company productivity

MARCH 4, 2012

LOOKING BACK WHILE MOVING FORWARD

Post By Lee Cole

TO OUR SHAREHOLDERS:

Fiscal 2011 marked Calavo's tenth year as a public company. Reflecting on the past decade, I am immensely proud that, as our company has grown, we have remained single-minded in creating value for you, our loyal owners. Consider that:

- *The company's market capitalization has risen nearly 400 percent from about $86 million at October 31, 2002 to more than $420 million (subsequent to the close of the most recent fiscal year);*
- *Calavo's annual cash dividend on its common shares during that same period has increased 175 percent to 55 cents from 20 cents; and,*
- *A $1,000 investment in Calavo shares at October 31, 2002, along with reinvestment of your annual dividends, would have grown nearly to more than $3,900—an almost four-fold return over that span.*

These achievements are gratifying to me. But I prefer to focus on the road ahead—Calavo's next decade—rather than spend undue time looking back. The fiscal year ended October 31, 2011 was perhaps the most transformative in our company's history, setting in place key strategic cornerstones to power Calavo's future growth. These initiatives across our Fresh and Calavo Foods business segments—including our accretive acquisition of Renaissance Food Group, LLC—will be instrumental revenue and profit drivers moving forward.

In the most recent fiscal year, however, operating results were constrained by a set of unique factors—a smaller supply of fresh avocados in the marketplace and a winter freeze that limited tomato availability—which underscore the unpredictable nature of agribusiness. Revenues advanced 31 percent to a record $522.5 million from $398.4 million in fiscal 2010, principally on sharply higher fresh avocado prices and top-line contribution from RFG, which became part of Calavo on June 1, 2011. Net income ebbed to $11.1 million, or 75 cents per diluted share, from $17.8 million, equal to $1.22 per diluted share, a year earlier. High avocado prices and smaller volume pulled down gross margin to $42.9 million, or 8.2 percent of total revenues, from $51.5 million, or 12.9 percent of revenues, in fiscal 2010.

Read More...

Despite these challenges, subsequent to fiscal-year end Calavo distributed more than $8 million to shareholders in the form of our annual cash dividend, reflecting the company's underlying financial strength and the aforementioned commitment to returning value.

Last year in this space, I laid out Calavo's planned path for reaching $1 billion in revenue and commensurate growth in net income, and emphasized that an active mergers and acquisitions component would complement the company's organic growth. Our purchase of RFG, the largest transaction in Calavo's history, is a meaningful first step in that direction. Expected this year to contribute more than $100 million to Calavo's top line and about 15 cents to earnings per share, RFG exemplifies our criteria for a strategic, accretive transaction. Subsequently in this annual report, we discuss RFG extensively—its sterling brands, high-quality product offerings, quick-turn distribution and product innovation, among other strong suits. We also enumerate on its strategic fit within the Calavo family of fresh brands and our successful integration of this sizable acquisition.

RFG is a great beginning to the stepped up M&A efforts, but we're not stopping there. Expect to see Calavo make additional acquisitions in the future—we're continuously evaluating prospective deals brought our way—some possibly even larger than RFG. We are judicious in this pursuit; transactions will meet our stringent criteria, first and foremost being accretive to operating results.

In the recast Calavo Foods business segment, our legacy products—fresh salsa, guacamole and hummus—will benefit from being sold alongside RFG's own lineup. Speaking to synergies, there are great opportunities for us to sell more of the RFG product offerings through established Calavo Foods channels, too. We anticipate improvement in legacy food product gross margins—possibly to record levels—after being severely impacted last year by high fresh fruit prices. The expected substantially larger avocado harvest will ease fruit pricing in the prepared foods segment.

The 2012 available avocado supply is forecast to reach 1.4 billion pounds, about 25 percent larger than last year's. Consumer demand for fresh avocados continues to increase. Calavo is poised to expand its leadership position, which accounts for one out of

Read More...

2010: Acquisition of Salsa Lisa

2011: Acquisition of RFG

The Future: Expanding on Our Legacy Products nearly every four avocados sold into the U.S. market—a 23 percent share. Demographic shifts, the $45 million spent annually by the industry on marketing and healthful eating awareness are propelling avocado consumption. As a company, we've done a great job leading the industry with pre-ripened and bagged avocados that further drive purchase at retail. Almost 43 percent of total Calavo fresh avocado carton volume last year was in value-added products.

With avocado market size and per capita consumption continuing to trend upward, Calavo is making the significant capital investments to ensure we are ready. To that end and as indication of its strategic importance to Fresh business segment operations, we are currently at work doubling the capacity of our Uruapan, Mexico packinghouse, scheduled for completion this July. When finished, Calavo will have the capability as a company to pack approximately 600 million pounds of fresh avocados via its three facilities in California and Mexico.

Indicators in Calavo's diversified fresh produce categories appear encouraging, as well. Tomatoes volumes will snap back, recovering from the impact of last year's adverse weather and benefitting from an additional growing source to augment supply. Papayas and pineapples round out diversified produce—both showed good volume growth last year. And, as always, we're on the watch for additions to our Fresh lineup. One promising item, the purple sweet potato from Hawaii, is growing in popularity, especially in the Asian market.

All of this leaves me more confident than ever about Calavo's future. With our focused, disciplined business agenda, depth and breadth of financial and human resources, and operational strength, Calavo is ready for the next decade.

With sincere thanks, I close with this thought: *The best is yet to come.*

Sincerely,

Lee E. Cole
Chairman, President and Chief Executive Officer
March 4, 2012

Add a comment E-mail Print Share

1.4 billion

pound available fresh avocado supply forecast for 2012

Fresh Garden Highway:

A culture of innovation, quality and speed to market have spurred RFG's rapid growth and acceptance in the retail grocery channel

Garden Highway:

Great taste—along with premium quality, appearance and freshness—are hallmarks of the brand

Chef Essentials:

Product offerings such as recipe-ready vegetables and Salad Essential "toppers" speak to consumer desire for convenience and RFG's ability to innovate

JUNE 1, 2011

A LOOK AT RENAISSANCE FOOD GROUP (RFG)

Post By M & A Watcher

Before making an investment decision, I take a hard look at every aspect of a company and its business. Acquisitions can be tricky. In June 2011, Calavo took a big step—acquiring the Renaissance Food Group, LLC (RFG). Does it make sense, is it a strategic fit, will it be accretive to operating results? What exactly did they get, and why all the excitement? Calavo is striving to leverage its brand strength and logistics capabilities by adding a key player in a high-growth industry.

Based in Sacramento, California, RFG becomes a cornerstone of what Calavo is calling "A Family of Fresh Foods." Meaning what exactly? They participate in the fresh refrigerated food industry, which analysts see as a fast-growing arena with tremendous future potential. The company focuses on developing, marketing and distributing an expanding line up of fresh products that target the needs of today's consumers for food, such as fresh fruits and vegetables, that is convenient, healthy and delicious.

Speed—time-to-market—is essential in today's business environment. RFG's products are produced regionally—the company has six strategically located facilities around the U.S.—made to order and delivered just-in-time, typically within hours. RFG places prime emphasis on freshness and quality, serving the grocery channel with products for the produce, deli, meat and food service departments. RFG benefits its retail customers in several ways: speed to shelf for optimum freshness, faster inventory turns, increased sales and margins and higher customer satisfaction.

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JULY 14, 2011

A GROWING LINE-UP OF TOP QUALITY PRODUCTS

Post By Calavo Fan

I've followed Calavo for a long time and, honestly, I'm excited by how it continues to transform itself on a dynamic basis. From its powerful leadership in avocados, management has moved aggressively to become a full-line provider of fresh packaged goods. I've personally enjoyed Calavo's excellent guacamole, guacamole hummus, tasty salsas and hard-to-resist tortilla chips. The addition of RFG's products to the Calavo

Read More...

Foods business unit is highly complementary. Calavo is a powerful brand, and RFG builds upon that by adding the Chef Essentials and Fresh Garden Highway, which also stand for the highest quality.

Fajita Mix

In today's rushed world, consumers don't have the time for prepping, chopping or following complicated recipes, but they also want healthy, guilt-free eating. RFG delivers with fresh-cut fruits and vegetables, a variety of salads and salad kits, "Grab 'n Go" salads, sandwiches and wraps and more for people on the move. The latest Chef Essentials facilitate the easy prep of tasty, nutritious meals. Consumers can scan Chef Essentials QR codes to connect with cooking videos, recipe instructions, nutrition info and more.

Calavo is now positioned in the fastest growing segment of the fresh-food category. With growth driven by the needs of working families for quality and convenience, it's also a higher-margin, higher-multiple business. By offering more products and becoming more valuable to retailers, the addition of RFG will help drive sales of Calavo's legacy food products—guacamole, guacamole hummus, salsas and chips. I've seen some very effective cross-promotions of these products in stores.

While management drives to build a larger, more diversified company, it's impossible to overlook Calavo's strong foundation in the fresh business, which it has developed since its founding in 1924 as an avocado cooperative. Avocados are a premium product offering not only great taste, but also a multitude of health benefits. Retailers and consumers recognize the Calavo brand as a hallmark of quality. And the company's fresh product portfolio has also been expanded to include such produce items as tomatoes, pineapples and papayas.

Grillin Veg Summer

Add a comment   E-mail   Print   + Share

AUGUST 1, 2011

ENHANCING STRONG CUSTOMER RELATIONSHIPS

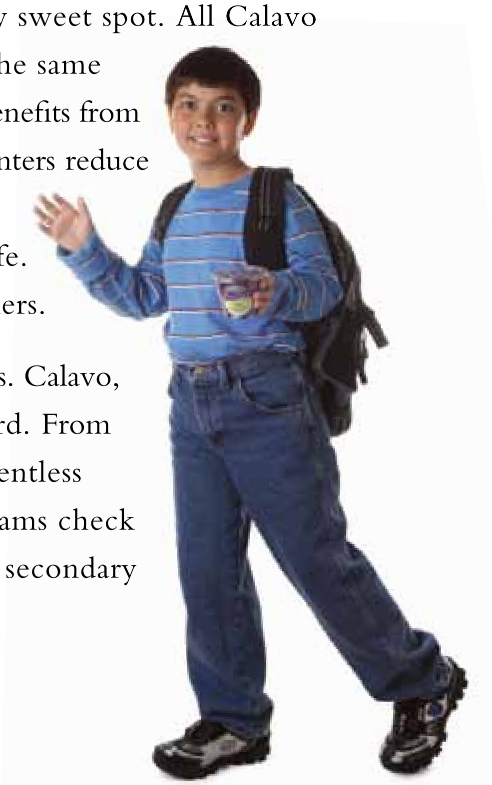
Post By Retail Peep

Calavo has developed an enviable position as a leader in three of the fastest-growing grocery categories: avocados, fresh dips (think guacamole and salsa) and fresh packaged goods. What's critical to them is increasing its value to customers and becoming closer to them. Putting more products through the pipeline via an active acquisition strategy is an important step in that direction. All told, Calavo now serves retailers with an expanding line of products, which has increased tremendously over the last several years.

Read More...

Calavo and RFG work closely with customers providing skilled marketing and merchandising expertise. From what I've observed, they make a key contribution to increasing customer sales and margins. They develop programs and promotions to fit specific customer needs and local demographics, and will coordinate program implementation. They also review and analyze sales data to provide ongoing input to drive program performance.

With purchase cycles shortening all the time, the RFG formula of "regionally-produced, made-to-order and delivered just-in-time" hits an industry sweet spot. All Calavo products, RFG's and Calavo legacy, are now ordered on the same purchase order with the same lead time. There are multiple benefits from this approach. Frequent deliveries to customer distribution centers reduce on-hand inventory and help avoid out-of-stock problems. Receiving product with greater frequency benefits shelf life. As a result, Calavo becomes ever more valuable to customers.



In the last analysis, it's product quality that is critical to success. Calavo, together with RFG, deliver great products across the board. From what I understand, the company's culture is driven by a relentless emphasis on quality. For example, RFG quality control teams check items on arrival at their production centers, followed by a secondary

Asparagus Sauté

Read More...

QC check. Finished products undergo another round of quality checks before shipment, and finally in-store products also may be checked for quality. The effort drives freshness, quality, great taste and consumer acceptance.

Add a comment E-mail Print + Share

SEPTEMBER 18, 2011

CHECKING OUT A CORPORATE POWERHOUSE

Post By Company Analyst

What are the competitive factors that make a winner in the fresh foods business? Through the years, Calavo has built a reputation as a premier avocado supplier, which some might see as a relatively simple business. After all, we're basically talking about a commodity product. But simple doesn't begin to describe the sophistication of Calavo's burgeoning operations. The company has developed the logistics muscle that translates into a huge competitive advantage.

"Regionally produced, made-to-order, and delivered Just-In-Time"

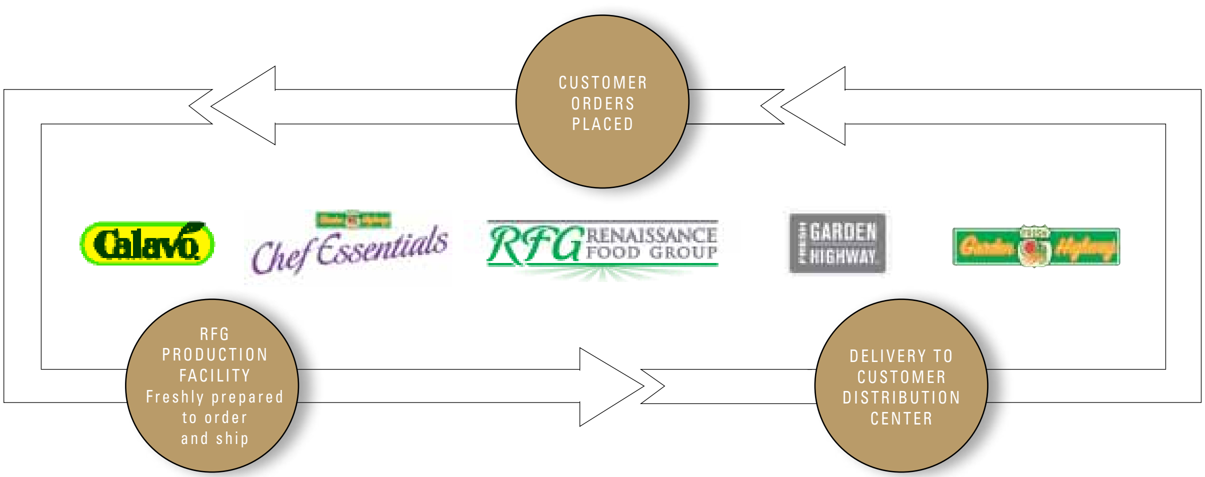
All Calavo products are ordered on the same PO as current RFG item, with the same lead time.

Customer can receive these products with every current delivery to the distribution center.

Frequent deliveries reduces on-hand inventory and out-of-stock situations.

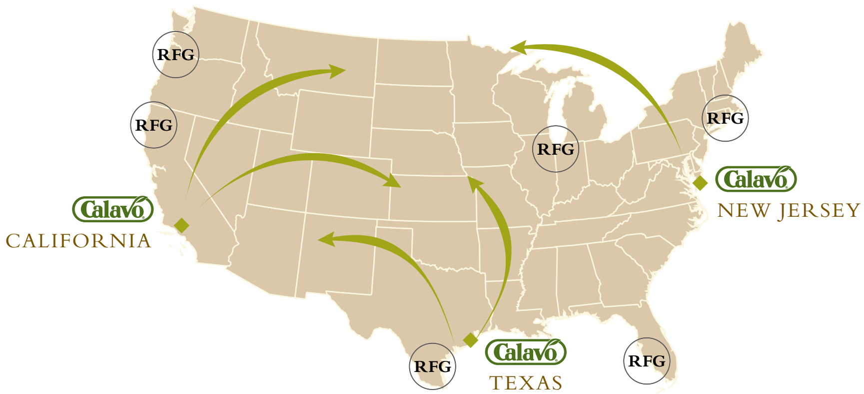
Stores will receive product with greater frequency boosting shelf life.

Three strategically located Value-Added Depots in California, Texas and New Jersey put Calavo close to its customers, allow it to serve major customers anywhere in the U.S. and help control costs. Each facility features Calavo's proprietary ProRipeVIP®, the industry's most advanced ripening technology, giving Calavo the ability to deliver product tailored to customer specs. Research shows that many consumers prefer the convenience of pre-ripened fruit, and so this technology and the product appeal it generates help drive sales at retail.



Read More...

Calavo had a seamless blanket of distribution coverage, but completion of the RFG deal further enhanced this competitive edge and put Calavo even closer to the customer. RFG is a speed-oriented, time-to-market company operating six regional production/distribution facilities, which are integrated into Calavo distribution. Now customers have the ability to order Calavo's products with RFG's current fresh-cut offerings on the same purchase order. And RFG works on a rapid response basis, making frequent product deliveries to customer distribution centers, often within hours.



I wanted to identify factors that spell a competitive advantage for companies in this industry. Logistic strength is certainly critical, tailoring deliveries to customer needs on a timely basis. But there's more—a spirit of innovation and creative product development to give 21st century consumers what they want, perhaps even before they know what that is. RFG is a new products company and its capabilities will help drive Calavo's growth and the breadth of its product offerings.

september 22, 2011

AVOCADO UPDATE: MORE GREAT NEWS

Post By Healthy Lifestyle Guru

Hey, listen up, all you devotees of good health and good living! Acceptance, availability and appeal of our favorite fruit continues on the rise. More people than ever are coming to realize that avocados are not only delicious, but also pack a wealth of health benefits. Sure, there're fats, but the good kind, like those in the Mediterranean diet celebrated for enhancing longevity. A three-slice, one ounce serving has only 50 calories, but delivers nearly 23 vitamins and minerals. Skin, digestion, metabolism, cardio, immunity and more all benefit. So enjoy without guilt.

U.S. per capita avocado consumption stands at 4 lbs., trailing the 20 lbs. consumed in Mexico and demonstrating market growth potential

2012 consumption expected at 1.4 billion pounds

The industry is investing $45 million annually to increase the awareness of avocados in the U.S.

As I said, acceptance is on the rise: U.S. consumption is up from 483 million pounds in 2001 to more than one billion today. Actually, the avocado's gaining "market share" among total fruit with sales up 26.7 percent 2008-10, outpacing total fruit growth by 18.5 percent. Certainly, the $45 million annually that the industry spends to increase avocado awareness is an important growth factor. But hey, there's room for more: Mexico consumes 20 pounds per person per year while we lag at just four.

Speaking of avocados, let's take a look at Calavo, the industry leader. The company started in 1924 as an avocado coop and has developed itself into a fresh foods juggernaut. But its success is rooted in a dedication to the avocado. To supply growing demand, the company continues to develop additional avocado sources beyond its California base including carefully-selected suppliers in Mexico, Chile and Peru.

The good news is that avocado consumption is projected to continue its strong growth. For one thing, Hispanics make up a rapidly growing segment of the U.S. demographic, and as suggested previously, they're substantial consumers of the green fruit in guacamole and other specialties. Today shopping has become even more convenient as you can get top quality Calavo fruit, bagged or pre-ripened for your more immediate needs. So take a really good step in your healthy lifestyle by picking up some avocados today.

OCTOBER 12, 2011

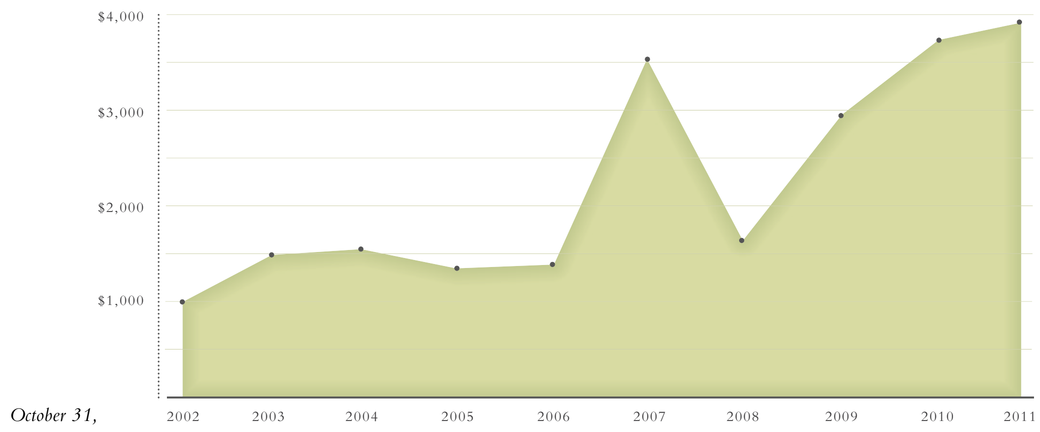
CALAVO: GENERATING SHAREHOLDER VALUE

Post By Investor Guy

In my opinion, the most important factor in evaluating any company is the quality of its management. You look at the performance record, experience, specialized expertise—a host of factors. Calavo has assembled a senior management team with a depth of industry experience—more than 150 years collectively—and proven talent. I think this is especially important in an industry where relationships with growers and customers are vitally important and are nurtured over time.

10-YEAR INVESTMENT RETURN

(in dollars; assumes $1,000 initially and reinvestment of dividends)



An initial purchase of $1,000 in Calavo common stock at October 31, 2002, along with reinvested dividends, would have grown to nearly $4,000 by the close of fiscal 2011.

Looking at some key metrics, we see that the company is truly a value-creating engine. I tend to be a long-term investor, and Calavo has richly rewarded its long-term holders. Since the company's debut on the Nasdaq Market in 2002, Calavo's market value is up an impressive 285 percent. Stock price has soared from approximately $7 per share initially to more than $28 (subsequent to fiscal-year end). No one can predict the future—crystal balls are notoriously opaque and unreliable in the investment business—but the CVGW track record speaks for itself.

The growth in market cap to more than $400 million (subsequent to fiscal 2011 close) reflects superior financial performance. Annual EPS growth 2005-2010 was 38 percent. 2011 witnessed a further 31 percent sales gain to almost $523 million, and while earnings were pressured by a tough environment, the company still posted substantial profits. The Calavo team has also demonstrated a relentless focus on cost containment and operating efficiency. Gross profits advanced sharply 2005-2010 while selling, general and admin expenses (SG&A) have been aggressively reduced as a percentage of total revenues.

COMMON STOCK ANNUAL CASH DIVIDEND

(per share amount; in dollars)

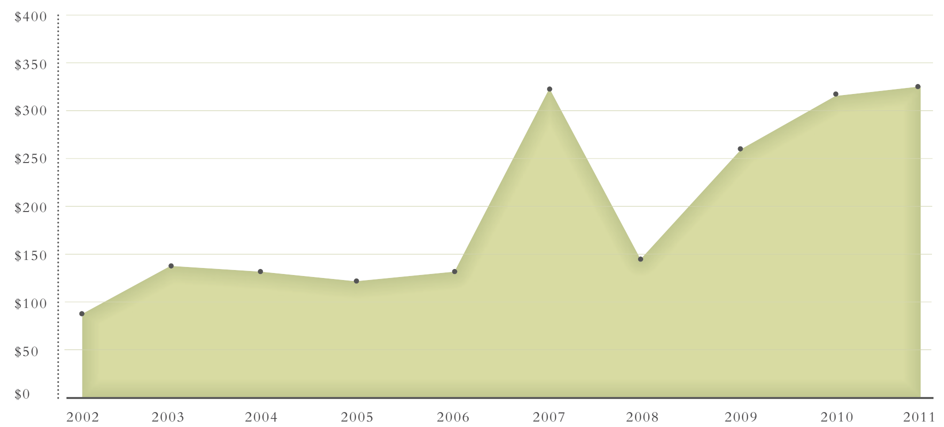
Committed to returning value to its shareholders, Calavo's common stock annual cash dividend has increased 175 percent over the past decade.

As a conservative investor, I look for stocks that produce income as a very important component of my total return. Calavo shareholders have benefited from consistent dividend growth. Since inception, the cash dividend is up 175 percent, rising from 20 cents per share in 2002 to 55 cents per share in 2011. It's also impressive and exceptional that this growth has been achieved without selling equity in the public market, so no stockholder dilution. What's not to like as management drives to build a much larger and even more profitable company?

MARKET VALUE

(dollars in millions)

October 31,



In its first decade of public ownership, Calavo's market capitalization expanded nearly 300 percent from $86 million in 2002 to about $333 million at the close of the most recent fiscal year.

OCTOBER 31, 2011

BOARD OF DIRECTORS

Post By Calavo Growers, Inc.

LECIL E. COLE
Chairman, President and CEO
Calavo Growers, Inc.
Santa Paula, California

GEORGE H. "BUD" BARNES
Avocado Grower
Valley Center, California

MARC L. BROWN
Attorney/Partner
Troy Gould PC

EGIDIO "GENE" CARBONE, JR.
Retired CFO
Calavo Growers, Inc.

HAROLD S. EDWARDS
President and CEO
Limoneria Company
Santa Paula, California

JAMES D. HELIN
President, CEO
JDH Associates
Los Angeles, California

STEVEN W. HOLLISTER
Vice President
Sunrise Mortgage & Investment Co.
San Luis Obispo, California

JOHN M. HUNT
Manager
Embarcadero Ranch
Goleta, California

J. LINK LEAVENS
General Manager
Leavens Ranches
Ventura, California

DORCAS H. MCFARLANE
Owner and Operator
J.K. Thille Ranches
Santa Paula, California

DONALD "MIKE" SANDERS
President,
S&S Grove Management
Escondido, California

ALVA V. SNIDER
Avocado Grower
Fallbrook, California

SCOTT N. VAN DER KAR
General Manager
Van Der Kar Family Farms
Carpinteria, California

OCTOBER 31, 2011

ABOUT CALAVO

Post By Calavo Growers, Inc.

Calavo Growers, Inc. is a leading packer and marketer of fresh and prepared avocados throughout the United States and other countries globally, as well as an expanding distributor of other diversified produce items sold under the company's well-respected brand name and its Maui Fresh label, a wholly owned subsidiary. The company supplies wholesale, retail, restaurant and institutional foodservice customers on a world-wide basis through its two principal operating units—Fresh Avocados and Calavo Foods.

Calavo packs, markets and distributes about 23 percent of the available all-source fresh avocado supply to the United States and Canada, nearly twice the market share of its closest competitor. The company sources these avocados from California, Mexico, Chile and Peru to satisfy year-round domestic demand, for export and for use in prepared products. Calavo is also a leading marketer of fresh fruit grown in the Hawaiian Islands, including papayas and other tropical-produce items. Other diversified fresh produce items include Calavo-brand tomatoes and pineapples, as well as Hispanic specialties such as a wide range of chilies.

The company's Calavo Foods business unit manufactures and distributes prepared items including fresh refrigerated guacamole and other avocado products, as well guacamole hummus. Under the Calavo Salsa Lisa brand, the company produces and sells six varieties of wholesome refrigerated fresh salsa made with all-natural ingredients. The company also distributes Calavo Premium Tortilla Chips. Calavo's wholly owned subsidiary, Renaissance Food Group, LLC (RFG), was acquired in June 2011. RFG is a leader in the fast-growing refrigerated fresh packaged goods category through an array of retail product lines for produce, deli, meat and food-service departments sold under brands that include Garden Highway and Chef Essentials.

Founded in 1924 as a grower-owned cooperative, Calavo today is publicly traded on the Nasdaq Global Select Market under the ticker symbol CVGW. Employing more than 1,500 people, the company is headquartered in Santa Paula, California, where it also operates one of three fresh-avocado packinghouses and a Value Added Depot, housing sales, distribution and advanced ripening technologies. Calavo's additional two packinghouses are located in Temecula, California and Uruapan, Michoacán, Mexico, where the company also operates its prepared-avocado manufacturing facility. There are additional Value Added Depots equipped with the company's proprietary ProRipeVIP® technology in Dallas, Texas and Swedesboro, New Jersey. RFG operates six production and distribution centers strategically situated across the United States.

Financials Ahead...

SELECTED CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data (other than pounds information) for each of the years in the five-year period ended October 31, 2011 are derived from the audited consolidated financial statements of Calavo Growers, Inc.

Historical results are not necessarily indicative of results that may be expected in any future period. The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes thereto that are included elsewhere in this Annual Report.

FISCAL YEAR ENDED OCTOBER 31,	2011	2010	2009	2008	2007
(In thousands, except per share data)					
INCOME STATEMENT DATA: (1)(2)					
Net sales	$ 522,529	$ 398,351	$ 344,765	$ 361,474	$ 302,98
Gross margin	42,861	51,530	44,533	33,181	31,772
Net income	10,954	17,640	13,611	7,725	7,330
Basic net income per share	$ 0.75	$ 1.22	$ 0.94	$ 0.54	$ 0.51
Diluted net income per share	$ 0.75	$ 1.22	$ 0.94	$ 0.53	$ 0.51
BALANCE SHEET DATA AS OF END OF PERIOD					
Working capital	$ 8,642	$ 14,801	$ 12,052	$ 15,413	$ 16,334
Total assets	185,323	150,198	122,749	134,422	127,920
Current portion of long-term obligations	5,448	1,369	1,366	1,362	1,307
Long-term debt, less current portion	18,244	6,089	13,908	25,351	13,106
Shareholders' equity	95,780	88,257	69,487	65,517	74,003
CASH FLOWS PROVIDED BY (USED IN):					
Operations	$ 7,866	$ 19,979	$ 22,504	$ 5,296	$ 4,629
Investing (3)	(20,907)	(9,502)	(6,497)	(7,454)	(7,950)
Financing	14,751	(10,288)	(16,641)	2,700	(4,238)
OTHER DATA:					
Dividends declared per share	$ 0.55	$ 0.55	$ 0.50	$ 0.35	$ 0.35
Net book value per share	$ 6.52	$ 6.04	$ 4.79	$ 4.52	$ 5.15
Pounds of California avocados sold	84,913	170,650	53,000	92,165	91,038
Pounds of non-California avocados sold	156,973	123,700	162,950	123,740	135,723
Pounds of processed avocados products sold	18,811	21,651	21,259	22,274	22,556

(1) Operating results for fiscal 2011 and balance sheet data as of end of period include the acquisition of RFG from the date of acquisition of June 1, 2011. For fiscal year 2011, RFG net sales, gross margins, and net income before taxes were $56.7 million, $4.3 million and $1.2 million. We have paid the Sellers $14.2 million in cash, net of adjustments based on RFG's financial condition at closing. See Note 17 to our consolidated financial statements for further discussion of this acquisition.

(2) Operating results for fiscal 2011 and 2010 include the acquisitions of CSL from the date of acquisition of February 8, 2010. For fiscal year 2011, CSL's net sales and gross losses were $1.8 million and $0.3 million. Net loss was not significant. For fiscal year 2010, CSL's net sales and gross losses were $0.8 million and $0.4 million. Net loss was not significant. See Note 16 to our consolidated financial statements for further discussion of this acquisition.

(3) For fiscal year 2011, we made a $3.0 million infrastructure advances to Agricola Belher. For fiscal year 2010, we did not make an infrastructure advances to Agricola Belher. We collected $1.2 million and $1.8 million in fiscal years 2011 and 2010 related to infrastructure advances.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with "Selected Consolidated Financial Data" and our consolidated financial statements and notes thereto that appear elsewhere in this Annual Report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, those presented under "Risks related to our business" included in our annual report on Form 10-K.

OVERVIEW

We are a leader in the distribution of avocados, prepared avocado products, and other perishable food products throughout the United States. Our history and expertise in handling California grown avocados has allowed us to develop a reputation of delivering quality products, at competitive prices, while providing competitive returns to our growers. This reputation has enabled us to expand our product offerings to include avocados sourced on an international basis, prepared avocado products, and other perishable foods. We report our operations in two different business segments: (1) Fresh products and (2) Calavo Foods. See Note 11 to our consolidated financial statements for further discussion.

Our Fresh products business grades, sizes, packs, cools, and ripens (if desired) avocados for delivery to our customers. We presently operate two packinghouses and three operating and distributing facilities that handle avocados across the United States. These packinghouses handled approximately 28% of the California avocado crop during the 2011 fiscal year, based on data obtained from the California Avocado Commission. Our operating results and the returns we pay our growers are highly dependent on the volume of avocados delivered to our packinghouses, as a significant portion of our costs is fixed. Our strategy calls for continued efforts to retain and recruit growers that meet our business model. Additionally, our Fresh products business also procures avocados grown in Chile, Mexico and Peru, as well as other various commodities, including tomatoes, papayas, and pineapples. We operate a packinghouse in Mexico that, together with certain co-packers that we frequently purchase fruit from, handled approximately 23% of the Mexican avocado crop bound for the United States market and approximately 5% of the avocados exported from Mexico to countries other than the United States during the 2010-2011 Mexican season, based on our estimates. Additionally, during the 2010-2011 Chilean avocado season, we handled approximately 5% of the Chilean avocado crop, based on our estimates. Our strategy is to increase our market share of currently sourced avocados to all accepted marketplaces. We believe our diversified avocado sources provides a level of supply stability that may, over time, help solidify the demand for avocados among consumers in the United States and elsewhere in the world. We believe our efforts in distributing our other various commodities, such as those shown above, complement our offerings of avocados. From time to time, we continue to explore distribution of other crops that provide reasonable returns to the business.

Our Calavo Foods business procures avocados, processes avocados into a wide variety of guacamole products, and distributes the processed product to our customers. All of our prepared avocado products are now "cold pasteurized" and include both frozen and fresh guacamole. Due to the long shelf-life of our frozen guacamole and the purity of our fresh guacamole, we believe that we are well positioned to address the diverse taste and needs of today's customers. Additionally, we also prepare various fresh salsa products and ready-to-eat produce and deli products. See Note 16 and Note 17 for additional information related to the acquisitions of CSL and RFG. Customers include both food service industry and retail businesses. We continue to seek to expand our relationships with major food service companies and develop alliances that will allow our products to reach a larger percentage of the marketplace.

Net sales of frozen products represented approximately 51% and 54% of total processed segment sales for the years ended October 31, 2011 and 2010. Net sales of our ultra high pressure products represented approximately 49% and 46% of total processed segment sales for the years ended October 31, 2011 and 2010.

The operating results of all of our businesses have been, and will continue to be, affected by quarterly and annual fluctuations and market downturns due to a number of factors, such as pests and disease, weather patterns, changes in demand by consumers, the timing of the receipt, reduction, or cancellation of significant customer orders, the gain or loss of significant customers, market acceptance of our products, our ability to develop, introduce, and market new products on a timely basis, availability and cost of avocados and supplies from growers and vendors, new product introductions by our competitors, change in the mix of avocados and Calavo Foods we sell, and general economic conditions. We believe, however, that we are currently positioned to address these risks and deliver favorable operating results for the foreseeable future.

RECENT DEVELOPMENTS

Dividend Payment

On December 12, 2011, we paid a $0.55 per share dividend in the aggregate amount of $8,123,000 to shareholders of record on December 2, 2011.

Contingencies

Hacienda Suits -- We are currently under examination by the Mexican tax authorities (Hacienda) for the tax years ended December 31, 2004, and 2005.

During the third quarter of fiscal year 2011, we received an update from our outside legal counsel regarding the examination of the tax year ended December 31, 2004. The appellate court upheld a lower court's decision on the two remaining items that we previously received an unfavorable ruling on. Based on discussions with our legal counsel, however, we believe that there were certain administrative errors made by the appellate court and that one of the outstanding tax issues will be resolved in favor of the Company, while the other remaining issue remains unsettled. The total assessment related to this examination is estimated to be approximately $2.4 million. Based on discussion with our legal counsel, we believe that it is more likely than not that we will be successful in our defense and our tax position will be upheld based solely on the technical merits of the tax position. As such, no accrual has been recorded as of October 31, 2011.

In the first quarter of fiscal 2011, we received an assessment totaling approximately $720,000 related to the tax year ended December 31, 2005. This assessment relates to depreciation expense taken on our 2005 tax return. Based on discussions with legal counsel, we believe that the Hacienda's position is without merit and do not believe that the resolution of this examination will have a significant impact on our results of operations.

The Hacienda has concluded their examination for the year ended December 31, 2007, noting no changes. In addition, during the fourth quarter of fiscal 2011, the examination of the tax year ended December 31, 2000 was settled by the court in our favor.

RFG acquisition

Calavo, CG Mergersub LLC (Newco), Renaissance Food Group, LLC (RFG) and Liberty Fresh Foods, LLC, Kenneth Catchot, Cut Fruit, LLC, James Catchot, James Gibson, Jose O. Castillo, Donald L. Johnson and RFG Nominee Trust (collectively, the Sellers) entered into an Agreement and Plan of Merger dated May 25, 2011 (the Acquisition Agreement), which sets forth the terms and conditions pursuant to which Calavo would acquire a 100 percent ownership interest in RFG. Pursuant to the Acquisition Agreement, Newco, a newly formed Delaware limited liability company and wholly-owned subsidiary of Calavo, merged with and into RFG, with RFG as the surviving entity. RFG is a fresh-food company that produces, markets, and distributes nationally a portfolio of healthy, high quality products for consumers via the retail channel. The acquisition closed on June 1, 2011.

Pursuant to the Acquisition Agreement and based on the fair value of Calavo's common stock on June 1, 2011, we agreed to pay on the closing date approximately $16 million, payable in a combination of cash and shares of unregistered Calavo common stock, as described below in greater detail. In addition, if RFG attains specified financial goals for certain 12-month periods prior to the fifth anniversary of the closing, we have agreed to pay RFG up to an additional approximate $84 million in earn-out consideration, based on the fair value of Calavo's common stock on June 1, 2011, payable in cash and shares of unregistered Calavo common stock, as described below in greater detail. As a result, if the maximum earn-out consideration is earned, the total consideration payable to RFG pursuant to the Acquisition Agreement could be approximately $100 million. The fair value of consideration is currently being determined by the Company and will be less than the maximum consideration noted above.

The Acquisition Agreement contains covenants, representations and warranties of Calavo and RFG that are customary for transactions of this type. Prior to entering into the Acquisition Agreement, and other than with respect to the Acquisition Agreement, neither we, nor any of our officers, directors, or affiliates had any material relationship with RFG or the Sellers.

We have paid the Sellers $14.2 million in cash, net of adjustments based on RFG's financial condition at closing, and issued the Sellers 43,000 shares of unregistered Calavo common stock.

If RFG's earnings before interest, taxes, depreciation and amortization (EBITDA) for any 12-month period commencing after the closing date and ending prior to the fifth anniversary of the closing date, are equal to or greater than $8 million, and RFG has concurrently reached a corresponding revenue achievement, we have agreed to pay the Sellers $5 million in cash and to issue to the Sellers 827,000 shares of unregistered Calavo common stock, representing total consideration of approximately $24 million. This represents the maximum that can be awarded pursuant to the 1st earn-out payment. In the event that the maximum EBITDA and revenue achievements have not been reached within five years after the closing date, but RFG's 12-month EBITDA during such period equals or exceeds $6 million and RFG has concurrently reached a corresponding revenue achievement, a sliding-scale, as defined, will be used to calculate payment. The minimum amount to be paid in the sliding-scale related to the 1st earn-out payment is approximately $14 million, payable in both cash and shares of unregistered Calavo common stock. RFG has five years to achieve any consideration pursuant to the 1st earn-out payment.

Assuming that the maximum earn-out payment has been achieved in the 1st earn-out payment, if RFG's EBITDA, for a 15-month period commencing after the closing date and ending prior to the fifth anniversary of the closing date, is equal to or greater than $15 million for each of the 12-month periods therein, and RFG has concurrently reached a corresponding revenue achievement, we have agreed to pay the Sellers $50 million in cash and to issue to the Sellers 434,783 shares of unregistered Calavo common stock, representing total consideration of approximately $60 million. This represents the maximum that can be awarded pursuant to the 2nd earn-out payment. In the event that the maximum EBITDA and revenue achievements have not been reached within five years after the closing date, but RFG's 12-month EBITDA during such period equals or exceeds $10 million, and RFG has concurrently reached a corresponding revenue achievement, a sliding-scale will be used to calculate payment. The minimum amount to be paid in the sliding-scale related to the 2nd earn-out payment is approximately $27 million, payable in both cash and shares of unregistered Calavo common stock. RFG has five years to achieve any consideration pursuant to the 2nd earn-out payment.

The following table summarizes the estimated fair values of the assets acquired, liabilities assumed, and equity issued at the date of acquisition (in thousands). We obtained third-party valuations for the long-term assets acquired and incurred approximately $0.3 million in acquisition costs, which have been expensed in selling, general and administrative expenses in the period incurred. For the two months ended July 31, 2011, since the acquisition of RFG, total selling, general and administrative expenses for RFG was $1.2 million.

AT JUNE 1, 2011	
Current assets	$ 10,491
Property, plant, and equipment	4,580
Goodwill	14,264
Other assets	117
Intangible assets	8,690
Total assets acquired	38,142
Current liabilities	(12,292)
Contingent consideration	(7,774)
Long-term obligations	(2,894)
Additional paid-in capital	(952)
Net non-cash assets acquired	$ 14,230

Of the $8,690,000 of intangible assets, $7,400,000 was assigned to customer relationships with a life of 8 years, $920,000 to trademarks and trade names with a life of 8 years, $200,000 to non-competition agreements with a life of 5 years, and $170,000 to trade secrets with a life of 3 years. As discussed above, we will be required to pay a maximum of approximately $100 million if RFG achieves specified revenue targets. The fair value of this contingent consideration was determined based on a probability weighted method, which incorporates management's forecasted revenue, and the likelihood of the revenue targets being achieved.

Term Revolving Credit Agreements and Term Loan Agreements

Effective May 31, 2011, the Company and Farm Credit West, PCA (FCW), entered into a Term Revolving Credit Agreement (Revolving Agreement). Under the terms of the Revolving Agreement, we are advanced funds for working capital purposes, the purchase and installation of capital items, as well as other corporate needs of the Company. Total credit available under the borrowing agreement is $40 million, up from $30 million, and expires on February 1, 2016. This increase was at our request and not due to any immediate cash flows needs.

Effective September 30, 2011, the Company and Bank of America, N.A. (BoA), entered into an agreement, Amendment No. 4 to Loan Agreement (the Agreement), which amended our existing credit facility with BoA. Under the terms of the Agreement, we are advanced funds primarily for working capital purposes. Total credit available under the borrowing agreement is now $25 million, up from $15 million and now expires on February 1, 2016. This increase was at our request and not due to any immediate cash flows needs.

In addition, the Agreement includes a variable rate term loan in the amount of approximately $7.1 million dollars. These proceeds were used to retire approximately 50% of the outstanding balance (as of September 30, 2011) of the term loan owed to FCW related to the purchase of RFG (see discussion below). This effectively split the funding of the amounts due at closing for that acquisition between both banks. The credit facility and term loan contain various financial covenants, the most significant relating to Tangible Net Worth (as defined), Fixed Charge Coverage Ratio (as defined) and Current Ratio (as defined).

Effective May 31, 2011, the Company and FCW entered into a Term Loan Agreement (Term Agreement). Under the terms of the Term Agreement, we were advanced $15 million for the purchase of Renaissance Food Group, LLC. Under the terms of the Term Agreement, we are required to make 60 monthly principal and interest payments, in the amount billed, beginning on July 1, 2011 and pay the account in full as of June 1, 2016. There is no prepayment penalty associated with this Term Agreement. Approximately 50% of the outstanding balance was paid off with the proceeds from the term loan from BoA (see discussion above).

The Term Agreement contain various financial covenants, the most significant relating to tangible net worth (as defined), Fixed Charge Coverage Ratio (as defined) and Current Ratio (as defined).

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we re-evaluate all of our estimates, including those related to the areas of customer and grower receivables, inventories, useful lives of property, plant and equipment, promotional allowances, income taxes, retirement benefits, and commitments and contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions or conditions as additional information becomes available in future periods.

Management has discussed the development and selection of critical accounting estimates with the Audit Committee of the Board of Directors and the Audit Committee has reviewed our disclosure relating to critical accounting estimates in this Annual Report.

We believe the following are the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Promotional allowances. We provide for promotional allowances at the time of sale, based on our historical experience. Our estimates are generally based on evaluating the relationship between promotional allowances and gross sales. The derived percentage is then applied to the current period's sales revenues in order to arrive at the appropriate debit to sales allowances for the period. The offsetting credit is made to accrued liabilities. When certain amounts of specific customer accounts are subsequently identified as promotional, they are written off against this allowance. Actual amounts may differ from these estimates and such differences are recognized as an adjustment to net sales in the period they are identified. A 1% change in the derived percentage for the entire year would impact results of operations by approximately $0.5 million.

Income Taxes. We account for deferred tax liabilities and assets for the future consequences of events that have been recognized in our consolidated financial statements or tax returns. Measurement of the deferred items is based on enacted tax laws. In the event the future consequences of differences between financial reporting bases and tax bases of our assets and liabilities result in a deferred tax asset, we perform an evaluation of the probability of being able to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

As a multinational corporation, we are subject to taxation in many jurisdictions, and the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. If we ultimately determine that the payment of these liabilities will be unnecessary, the liability will be reversed and we will recognize a tax benefit during the period in which it is determined the liability no longer applies. Conversely, we record additional tax charges in a period in which it is determined that a recorded tax liability is less than the ultimate assessment is expected to be.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability for U.S. or foreign taxes may be materially different from management's estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities.

Goodwill and acquired intangible assets. Goodwill, defined as unidentified asset(s) acquired in conjunction with a business acquisition, is tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below the operating segment. Goodwill impairment testing is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, and the second step of the impairment test would be unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test must be performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss must be recognized in an amount equal to that excess. Goodwill impairment testing requires significant judgment and management estimates, including, but not limited to, the determination of (i) the number of reporting units, (ii) the goodwill and other assets and liabilities to be allocated to the reporting units and (iii) the fair values of the reporting units. The estimates and assumptions described above, along with other factors such as discount rates, will significantly affect the outcome of the impairment tests and the amounts of any resulting impairment losses. We performed our annual assessment of goodwill and determined that no impairment existed as of October 31, 2011.

Allowance for accounts receivable. We provide an allowance for estimated uncollectible accounts receivable balances based on historical experience and the aging of the related accounts receivable. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

RESULTS OF OPERATIONS

The following table sets forth certain items from our consolidated statements of income, expressed as percentages of our total net sales, for the periods indicated:

YEAR ENDED OCTOBER 31,	2011	2010	2009
Net sales	100.0 %	100.0 %	100.0 %
Gross margins	8.2 %	12.9 %	12.9 %
Selling, general and administrative	4.7 %	5.8 %	6.6 %
Operating income	3.5 %	7.1 %	6.3 %
Interest income	0.0 %	0.1 %	0.1 %
Interest expense	(0.2)%	(0.2)%	(0.3)%
Other income, net	0.0 %	0.1 %	0.1 %
Net income	2.1 %	4.4 %	3.9 %

Net Sales

We believe that the fundamentals for our products continue to be favorable. Firstly, Americans are eating more avocados. Over the last 10 years, United States (U.S.) consumption of avocados has expanded at a compounded annual growth rate of 7% and we do not anticipate this growth significantly changing. We believe that the healthy eating trend that has been developing in the United States contributes to such growth, as avocados, which are cholesterol and sodium free, are dense in fiber, vitamin B6, antioxidants, potassium, folate, and contain unsaturated fat, which help lower cholesterol. Also, a growing number of research studies seem to suggest that phytonutrients, which avocados are rich in, help fight chronic illnesses, such as heart disease and cancer.

Additionally, we believe that the demographic changes in the U.S. will greatly impact the consumption of avocados and avocado-based products. The Hispanic community currently accounts for approximately 16% of the U.S. population, and the total number of Hispanics is estimated to triple by the year 2050. Avocados are considered a staple item purchased by Hispanic consumers, as the per-capita avocado consumption in Mexico is estimated to be more than seven-fold that of the U.S.

We anticipate avocado products will further penetrate the United States marketplace driven by year-round availability of fresh avocados due to imports, a rapid growing Hispanic population, and the promotion of the health benefits of avocados. As the largest marketer of avocado products in the United States, we believe that we are well positioned to leverage this trend and to grow all segments of our business. Additionally, we also believe that avocados and avocado based products will further penetrate other marketplaces that we currently operate in, as interest in avocados continues to expand.

In October 2002, the USDA announced the creation of a Hass Avocado Board to promote the sale of Hass variety avocados in the U.S. marketplace. This board provides a basis for a unified funding of promotional activities based on an assessment on all avocados sold in the U.S. marketplace. The California Avocado Commission, which receives its funding from California avocado growers, has historically shouldered the promotional and advertising costs supporting avocado sales. We believe that the incremental funding of promotional and advertising programs in the U.S. will, in the long term, positively impact average selling prices and will favorably impact our avocado businesses. During fiscal 2011, 2010 and 2009, on behalf of avocado growers, we remitted approximately $1.8 million, $2.0 million and $0.6 million to the California Avocado Commission. During fiscal 2011, 2010 and 2009, we remitted approximately $4.8 million, $5.6 million and $3.8 million to the Hass Avocado Board related to avocados.

Additionally, through the acquisition of RFG, we substantially expanded and accelerated the company's presence in the fast-growing refrigerated fresh packaged foods category through an array of retail product lines for produce, deli, meat and food service departments.

We also believe that our diversified fresh products, specifically tomatoes and papayas, are positioned for future growth and expansion.

The tomato is the fourth most popular fresh-market vegetable behind potatoes, lettuce, and onions in the United States. Although stabilizing in the first decade of the 2000s, annual average fresh-market tomato consumption remains well above that of the previous decade. Over the past few decades, per capita use of tomatoes has been on the rise due to the enduring popularity of salads, salad bars, and bacon-lettuce-tomato and submarine sandwiches. Perhaps of greater importance has been the introduction of improved tomato varieties, heightened consumer interest in a wider range of tomatoes, a surge of new immigrants who eat vegetable-intensive diets, and expanding national emphasis on health and nutrition.

Papayas have become more popular as the consumption in the United States has more than doubled in the past decade. Papayas have high nutritional benefits. They are rich in Anti-oxidants, the B vitamins, folate and pantothenic acid; and the minerals, potassium and magnesium; and fiber. Together, these nutrients promote the health of the cardiovascular system and also provide protection against colon cancer.

Sales of products and related costs of products sold are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectability is reasonably assured. Service revenue, including freight, ripening, storage, bagging and palletization charges, is recorded when services are performed and sales of the related products are delivered. We provide for sales returns and promotional allowances at the time of shipment, based on our experience.

	YEAR ENDED OCTOBER 31, 2011			YEAR ENDED OCTOBER 31, 2010		
	FRESH PRODUCTS	CALAVO FOODS(1)	TOTAL	FRESH PRODUCTS	CALAVO FOODS	TOTAL
Third-party sales:						
Avocados	$ 376,104	$ –	$ 376,104	$ 287,808	$ –	$ 287,808
Tomatoes	23,903	–	23,903	41,595	–	41,595
Papayas	13,245	–	13,245	11,278	–	11,278
Pineapples	4,278	–	4,278	3,838	–	3,838
Other Fresh products	3,276	–	3,276	3,617	–	3,617
Calavo Foods – food service	–	37,431	37,431	–	40,654	40,654
Calavo Foods – retail and club(1)	–	73,924	73,924	–	17,473	17,473
Total gross sales	420,806	111,355	532,161	348,136	58,127	406,263
Less sales incentives	(148)	(9,484)	(9,632)	(84)	(7,828)	(7,912)
Net sales	$ 420,658	$ 101,871	$ 522,529	$ 348,052	$ 50,299	$ 398,351

	YEAR ENDED OCTOBER 31, 2010			YEAR ENDED OCTOBER 31, 2009		
	FRESH PRODUCTS	CALAVO FOODS(1)	TOTAL	FRESH PRODUCTS	CALAVO FOODS	TOTAL
Third-party sales:						
Avocados	$ 287,808	$ –	$ 287,808	$ 259,558	$ –	$ 259,558
Tomatoes	41,595	–	41,595	14,067	–	14,067
Papayas	11,278	–	11,278	9,118	–	9,118
Pineapples	3,838	–	3,838	13,341	–	13,341
Other Fresh products	3,617	–	3,617	4,219	–	4,219
Calavo Foods – food service	–	40,654	40,654	–	36,493	36,493
Calavo Foods – retail and club	–	17,473	17,473	–	15,554	15,554
Total gross sales	348,136	58,127	406,263	300,303	52,047	352,350
Less sales incentives	(84)	(7,828)	(7,912)	(68)	(7,517)	(7,585)
Net sales	$ 348,052	$ 50,299	$ 398,351	$ 300,235	$ 44,530	$ 344,765

(1) Includes net sales of $56.7 million in fiscal 2011 related to the recently acquired business Renaissance Food Group, LLC (RFG). See Note 17 for additional information related to the acquisition of RFG.

Net sales to third parties by segment exclude inter-segment sales and cost of sales. For fiscal years 2011, 2010, and 2009, inter-segment sales and cost of sales for Fresh products totaling $15.8 million, $11.7 million and $14.1 million were eliminated. For fiscal years 2011, 2010, and 2009, inter-segment sales and cost of sales for Calavo Foods totaling $34.3 million $9.4 million, and $7.8 million were eliminated.

The following table summarizes our net sales by business segment:

	2011	CHANGE	2010	CHANGE	2009
(Dollars in thousands)					
Net sales:					
Fresh products	$ 420,658	20.9%	$ 348,052	15.9%	$ 300,235
Calavo Foods(1)	101,871	102.5%	50,299	13.0%	44,530
Total net sales	$ 522,529	31.2%	$ 398,351	15.5%	$ 344,765
As a percentage of net sales:					
Fresh products	80.5%		87.4%		87.1%
Calavo Foods	19.5%		12.6%		12.9%
	100.0%		100.0%		100.0%

(1) Includes net sales of $56.7 million in fiscal 2011 related to recently acquired RFG. See Note 17 in the Notes to the Consolidated Condensed Financial Statements for additional information related to the acquisition of RFG.

See Note 11 for additional information on the geographic distribution of our sales and assets.

Net sales for the year ended October 31, 2011, when compared to 2010, increased by $124.2 million, or 31.2%, principally as a result of an increase in both our Fresh products and Calavo Foods segments.

While the procurement of fresh avocados related to our Fresh products segment is very seasonal, our Calavo Foods business is generally not subject to a seasonal effect. The significant increase in sales of our Calavo Foods business for the year ended October 31, 2011, when compared to 2010, is primarily related to the sales of our newly acquired business, RFG, on June 1, 2011. This increase was partially offset, however, by a decrease in sales related to our guacamole products. This was primarily due to a decrease in total pounds of product sold.

Net sales to third parties by segment exclude value-added services billed by our Uruapan packinghouse and our Uruapan processing plant to the parent company. All intercompany sales are eliminated in our consolidated results of operations.

FRESH PRODUCTS

Fiscal 2011 vs. Fiscal 2010:

Net sales delivered by the business increased by approximately $72.6 million, or 20.9%, from fiscal 2010 to 2011. This increase in Fresh product sales during fiscal 2011 was primarily related to an increase in sales of Mexican sourced avocados. This increase was partially offset, however, by decreased sales from tomatoes and California sourced avocados. See details below.

Sales of Mexican sourced avocados increased $98.1 million, or 81.9%, for the year ended October 31, 2011, when compared to the same prior year period. The increase in Mexican sourced avocados was due to a combination of an increase in pounds sold and an increase in the sales price per carton. Mexican sourced avocados sales reflect an increase in 33.8 million pounds of avocados sold, or 29.1%, when compared to the same prior year period. We attribute most of this increase in volume to the significant decrease in the California avocado crop (see below). In addition, the sales price per carton increased by approximately 40.9%. We attribute this increase primarily to a lower overall volume of avocados in the marketplace, as well as a steady to higher demand for avocados when compared to the same prior year period.

Mexican grown avocados are primarily sold in the U.S., Japanese, and/or European marketplace. We anticipate that sales of Mexican grown avocados will decrease in fiscal 2012, due to a higher volume of avocados in the marketplace which will decrease overall sales prices.

Partially offsetting the overall increase was a decrease in sales of tomatoes of $17.7 million, or 42.5%, for the year ended October 31, 2011, when compared to the same prior year period. The decrease in sales for tomatoes was primarily due to a decrease in volume by 36.1% when compared to the same prior year period. This significant decrease was mainly due to a freeze in Mexico that resulted in less units in the marketplace. In addition, tomatoes had a decrease in the average selling price per carton of approximately 10.1%, when compared to the same prior year period.

Sales of California sourced avocados decreased $10.3 million, or 6.4%, for the year ended October 31, 2011, when compared to the same prior year period. The decrease in California sourced avocados was due to a decrease of 75.8 million pounds of avocados sold or 47.2%, when compared to the same prior year period. We attribute most of this decrease in volume to the smaller California avocado crop in the current year. Partially offsetting this decrease, California sourced avocado sales reflect an increase in the sales price per carton of approximately 77.1%, when compared to the same prior year period. We attribute this increase primarily to a lower overall volume of avocados in the marketplace, as well as a higher demand for avocados, when compared to the same prior year period.

California avocados are primarily sold in the U.S. marketplace. We anticipate that sales volume of California grown avocados will increase in fiscal 2012, due to a larger expected avocado crop.

Fiscal 2010 vs. Fiscal 2009:

Net sales delivered by the business increased by approximately $47.8 million, or 15.9%, from fiscal 2009 to 2010. This increase was primarily related to an increase in sales of California sourced avocados (due primarily to a significant increase in cartons sold) as well as tomatoes (due primarily to an increase in units sold and an increase in per unit sales price). These increases were partially offset, however, by decreased sales from Mexican sourced avocados (due primarily to a decrease in cartons sold and a decrease in sales price per unit), pineapples (due primarily to a decrease in units sold), as well as Chilean sourced avocados (due primarily to a decrease in cartons sold and a decrease in sales price per unit).

Sales of California sourced avocados increased $87.2 million, or 119.1%, for fiscal year 2010, when compared to the same prior year period. California sourced avocado sales reflect a 222.0% increase in pounds of avocados sold, when compared to the same prior year period. The increase in California sourced avocados was primarily related to the larger California avocado crop for fiscal 2010. Our market share of California avocados decreased to 30% for fiscal year 2010, when compared to a 31% market share for the same prior year period. The average selling price, on a per carton basis, of California avocados sold decreased approximately 31.8% when compared to the same prior year period. We attribute this decrease to the higher overall volume of California avocados in the marketplace. California avocados are primarily sold in the U.S. marketplace.

Sales of tomatoes increased $27.5 million, or 195.7%, for fiscal year 2010, when compared to the same prior year period. The increase in sales for tomatoes is due to an increase in the average per carton selling price of 128.1%, in addition to a 29.6% increase in the number of units sold. We attribute most of the increase in the per carton selling price to the lower volume of tomatoes in the U.S. marketplace (due to weather conditions in Florida) for fiscal 2010, as compared to the same prior period. We attribute most of the increase in units sold to growers supplying us with significantly more volume, due primarily to market conditions.

Partially offsetting such increases described above was a decrease in sales of Mexican sourced avocados, which decreased $49.0 million, or 29.0%, for fiscal year 2010, when compared to the same prior year period. The decrease in Mexican sourced avocados was primarily related to the decrease in the volume of Mexican fruit sold by 29.1 million pounds, or 20.1%, when compared to the same prior year period. In addition, Mexican sourced avocados had a decrease in the average selling price per carton of approximately 11.2%, when compared to the same prior year period. As mentioned above, we attribute most of this decrease in volume and price to the increase in volume of California sourced avocados in the U.S. marketplace during fiscal year 2010, as compared to the same prior year period.

Sales of pineapples decreased $9.5 million, or 71.2%, when compared to the same prior year period. The decrease in sales for pineapples was primarily due to a decrease in volume by 73.2% when compared to the same prior year period. This decrease is primarily related to the expiration of our agreement with Maui Pineapple Company (Maui) in December 2009, which was primarily related to Maui exiting the pineapple business.

Sales of Chilean sourced avocados decreased $9.5 million, or 57.2% for fiscal year 2010, when compared to the same prior year period. The volume of Chilean fruit sold decreased by approximately 7.8 million pounds, or 51.1%, when compared to the same prior year period. This decrease was primarily related to the smaller Chilean avocado crop in fiscal year 2010 when compared to the crop in fiscal year 2009. In addition to the increase in pounds sold, our average selling prices, on a per carton basis, experienced a decrease of 12.4% for fiscal 2010, when compared to the same prior period. We attribute most of this decrease in volume and price to the increase in volume of California sourced avocados in the U.S. marketplace during fiscal year 2010, as compared to the same prior year period.

CALAVO FOODS

Fiscal 2011 vs. Fiscal 2010:

Calavo Foods sales for the year ended October 31, 2011, when compared to the same period for fiscal 2010, increased $51.6 million, or 102.5%. The significant increase in sales of our Calavo Foods business for the year ended October 31, 2011, when compared to the corresponding prior year period, is due to addition of the recently acquired RFG, which contributed approximately $56.7 million for the year ended October 31, 2011, when compared to the same prior year period. This increase was partially offset, by a decrease in sales related to our prepared guacamole products. This decrease was primarily related to a 13.1% decrease in total pounds sold. The decrease in pounds sold primarily related to a decrease in the pounds sold of our frozen guacamole products, which decreased approximately 18.5%, and a decrease in the sale of our refrigerated guacamole products (formerly high-pressure, see below), which decreased approximately 6.7% when compared to the same prior year period. In an effort to enhance product safety and quality in the segment, we implemented changes in our food safety standards that added steps in our manufacturing process during the first quarter of fiscal 2011. As a result, there was a temporary disruption, which adversely impacted supply and sales in the segment. In addition, sales were impacted, as substantially all guacamole products are now high-pressured for food safety purposes and that the packaging requested from certain customers does not allow for high pressured products. This resulted in the discontinuance of sales to some high-volume, low-margin customers. The net average selling price increased 4.9% during the year ended October 31, 2011, when compared to the same prior year period. This increase is primarily related to a change in sales mix and a price increase that went into effect in July 2011 on substantially all products. We believe that retail sales, as a percentage of total net Calavo Foods sales, will increase in the future.

Fiscal 2010 vs. Fiscal 2009:

Net sales increased by approximately $5.8 million, or 13.0% for fiscal 2010, when compared to the same prior period. This increase is primarily related to a 1.8% increase in total pounds sold for fiscal year 2010 and an increase in the average net selling price per pound of 2.4%, when compared to the same prior year period. The increase in average net selling price is primarily related to a change in sales mix. In addition, the acquisition of CSL contributed approximately $0.8 million for fiscal year 2010.

We currently have two 215L ultra high pressure machines located in Uruapan. Starting in fiscal year 2010, we have begun using the two 215L ultra high pressure machines to pressurize all product lines within Calavo Foods (including frozen products). This has caused our operating capacity for these two 215L ultra high pressure machines to be approximately 80% as of October 31, 2010. Our estimated combined operating capacity for these two machines was approximately 59% as of October 31, 2009. Net sales of our ultra high pressure (fresh) products, typically sold to retail customers, represented approximately 46% and 47% of total processed segment sales for the years ended October 31, 2010 and 2009.

We believe that these ultra high pressure machines will enable our company to deliver the widest available array of prepared avocado and other products to our customers. Consequently, we believe that we are positioned to expand our ultra high pressure product line to include more avocado related products, mangoes and other readily available fruit products.

GROSS MARGINS

Our cost of sales 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. Gross margins decreased by approximately $8.7 million, or 16.8%, for the year ended October 31, 2011, when compared to the same period for fiscal 2010. This decrease was attributable to both our Fresh products and our Calavo Foods segments.

The following table summarizes our gross margins and gross profit percentages by business segment:

	2011	CHANGE	2010	CHANGE	2009
(Dollars in thousands)					
Gross Margins:					
Fresh products	$ 31,838	(17.2%)	$ 38,443	32.2%	$ 29,076
Calavo Foods(1)	11,023	(15.8%)	13,087	(15.3%)	15,457
Total gross margins	$ 42,861	(16.8%)	$ 51,530	15.7%	$ 44,533
Gross profit percentages:					
Fresh products	7.6%		11.0%		9.7%
Calavo Foods	10.8%		26.0%		34.7%
Consolidated	8.2%		12.9%		12.9%

(1) Includes gross margin of $4.3 million in fiscal 2011 related to recently acquired RFG. See Note 17 in the Notes to the Consolidated Condensed Financial Statements for additional information related to the acquisition of RFG.

FRESH PRODUCTS

Fiscal 2011 vs. Fiscal 2010:

During fiscal year 2011, as compared to the same prior year period, the decrease in our Fresh products segment gross margin percentage was primarily related to higher costs associated with California sourced avocados. This was caused by fewer pounds being sold by approximately 47.2%, increasing our per pound costs, which, as a result, negatively impacted gross margins. This decrease was primarily related to the smaller California avocado crop. Contributing to the decrease in the gross margin percentage was higher Mexican sourced avocado fruit costs year-over-year by approximately 55.2%. We were able to increase the selling prices of Mexican sourced avocados, but not at the same rate at which fruit costs increased. We attribute this increase primarily to a lower overall volume of avocados in the marketplace, in conjunction with a steady-to-higher demand for avocados, when compared to the same prior year period. The combined effect of these negatively impacted gross margins. In addition, despite the recent strengthening of the U.S. Dollar to Mexican Peso exchange rate, on a year to date basis, the U.S. Dollar to Mexican Peso exchange rate weakened during fiscal 2011, when compared to the same prior period. All of these combined had the effect of increasing our per pound costs, which, as a result, negatively impacted gross margins.

Any significant fluctuations in the exchange rate between the U.S. Dollar and the Mexican Peso may have a material impact on future gross margins for our Fresh and Calavo Foods segments.

The gross margin and/or gross profit percentage for consignment sales, including certain Chilean avocados and tomatoes, are dependent on the volume of fruit we handle, the average selling prices, and the competitiveness of the returns that we provide to third-party growers/packers. The gross margin we earn is generally based on a commission agreed to with each party, which usually is a percent of the overall selling price. Although we generally do not take legal title to such avocados and perishable products, we do assume responsibilities (principally assuming credit risk, inventory loss and delivery risk, and limited pricing risk) that are consistent with acting as a principal in the transaction. Accordingly, our results of operations include sales and cost of sales from the sale of avocados and perishable products procured under consignment arrangements. For fiscal years 2011, we generated gross margins of $3.5 million from the sale of fresh produce products that were packed by third parties. This is a $2.5 million decrease in gross margin for consigned sales compared to previous year. This decrease is due to a decrease in tomato sales of 42.5% for fiscal 2011, when compared to the same prior year period. The decrease in sales for tomatoes was primarily due to a decrease in volume by 36.1% when compared to the same prior year period. This significant decrease was mainly due to a freeze in Mexico that resulted in less units. In addition, tomatoes had a decrease in the average selling price per carton of approximately 10.1%, when compared to the same prior year period.

Fiscal 2010 vs. Fiscal 2009:

During fiscal year 2010, as compared to the same prior year period, the increase in our Fresh products segment gross margin and gross margin percentage was primarily related to an increase in the gross margin percentage for California avocados. This was due to a significant increase in the volume of California avocados sold, which increased 222.0%. This increase was primarily related to the larger California avocado crop. This had the effect of decreasing our per pound costs, which, as a result, positively impacted gross margins. Partially offsetting this increase in gross margin was a decrease in margins for Mexican sourced avocados due to a similar fruit cost year-over-year, but at a lower selling price, for Mexican sourced avocados. We believe this decrease in selling price is primarily related to a significantly higher volume of non-Mexican fruit in the U.S marketplace, which put downward pressure on carton selling prices. As a result of this downward pressure, we were not able to purchase Mexican sourced fruit as effectively (in relation to the selling price) as we were able to in the same prior year period. Additionally, we experienced a decrease in the volume of Mexican sourced avocados sold by 29.1 million pounds or 20.1%, which we believe was primarily related to the aforementioned pricing pressure. In addition, the U.S. Dollar to Mexican Peso exchange rate weakened during fiscal 2010, when compared to the same prior period. All of these combined had the effect of increasing our per pound costs, which, as a result, negatively impacted gross margins.

As mentioned above, the weakening of the U.S. Dollar compared to the Mexican Peso negatively affected our gross margin for fiscal year 2010. Any significant fluctuations in the exchange rate between the U.S. Dollar and the Mexican Peso may have a material impact on future gross margins for our fresh and Calavo Foods segments.

The gross margin and gross profit percentage for consignment sales, including certain Chilean avocados and tomatoes, are dependent on the volume of fruit we handle, the average selling prices, and the competitiveness of the returns that we provide to third-party growers/packers. The gross margin we earn is generally based on a commission agreed to with each party, which usually is a percent of the overall selling price. Although we generally do not take legal title to such avocados and perishable products, we do assume responsibilities (principally assuming credit risk, inventory loss and delivery risk, and limited pricing risk) that are consistent with acting as a principal in the transaction. Accordingly, our results of operations include sales and cost of sales from the sale of avocados and perishable products procured under consignment arrangements. For fiscal year 2010, we generated gross margins of $6.0 million from the sale of fresh produce products that were packed by third parties. This is a $3.2 million increase in gross margin for consigned sales compared to previous year. This increase is due to an increase in tomato sales of 195.7% for fiscal 2010, when compared to the same prior year period. The increase in sales for tomatoes is due to an increase in the average per carton selling price of 128.1%, in addition to a 29.6% increase in the number of units sold. We attribute most of the increase in the per carton selling price to the lower volume of tomatoes in the U.S. marketplace (due to weather conditions in Florida) for fiscal 2010, as compared to the same prior period. We attribute most of the increase in units sold to growers supplying us with significantly more volume, due primarily to market conditions.

CALAVO FOODS

Fiscal 2011 vs. Fiscal 2010:

Gross profit percentages for Calavo Foods for the year ended October 31, 2011, as compared to the same prior year period, decreased primarily as a result of significantly higher fruit costs. Fruit costs increased 55.2% for the year ended October 31, 2011, when compared to the same prior year period. We attribute this increase primarily to a lower overall volume of avocados in the marketplace, in conjunction with a steady-to-higher demand for avocados, when compared to the same prior year period. As discussed above, material fluctuations in fruit costs can have a significant impact on gross margins in the Calavo Foods segment. The increase in our production costs was primarily related to the aforementioned change (see net sales discussion) in the food safety standards that added steps in our manufacturing process during the first quarter of fiscal 2011. In addition, in the fourth quarter of 2011, our 350L ultra high pressure machine experienced a mechanical failure. This restricted the amount of product that could be produced, which lowered our overall volume and increasing our production costs. We have replaced this machine in the first quarter of 2012, and believe our operating capacity to be sufficient to meet our production needs. We anticipate that the gross profit percentage for our Calavo Foods segment will continue to experience significant fluctuations during the next year primarily due to the uncertainty of the cost of fruit that will be used in the production process.

Partially offsetting the decrease in margins was the addition of the recently acquired RFG, which contributed approximately $4.3 million in margins for the year ended October 31, 2011, when compared to the same prior year period.

In addition, the U.S. Dollar to Mexican Peso exchange rate weakened during fiscal 2011, as compared to the corresponding prior year period. This had the effect of increasing our per pound costs, which, as a result, negatively impacted gross margins. Any significant fluctuation in the exchange rate between the U.S. Dollar and the Mexican Peso may have a material impact on future gross margins for our Fresh product and Calavo Foods segments.

Fiscal 2010 vs. Fiscal 2009:

Gross margin percentages for our Calavo Foods business are largely dependent on the pricing of our final product and the cost of avocados used in preparing guacamole. The Calavo Foods gross profit percentages for the fiscal year 2010, when compared to the same prior year period, decreased $2.4 million or 15.3%, primarily as a result of higher fruit and operating costs, partially offset by an increase in total pounds sold by 1.8%. We anticipate that the gross profit percentage for our Calavo Foods segment will continue to experience significant fluctuations during the next fiscal year primarily due to the uncertainty of the cost of fruit that will be used in the production process.

SELLING, GENERAL AND ADMINISTRATIVE

	2011	CHANGE	2010	CHANGE	2009
(Dollars in thousands)					
Selling, general and administrative(1)	$ 24,527	5.9%	$ 23,168	1.7%	$ 22,791
Percentage of net sales	4.7%		5.8%		6.6%

(1) Includes selling, general and administrative expenses of $3.1 million in fiscal 2011 related to recently acquired RFG. See Note 17 in the Notes to the Consolidated Condensed Financial Statements for additional information related to the acquisition of RFG.

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 $1.4 million, or 5.9%, for the year ended October 31, 2011, when compared to the same prior year period. This increase was related to the acquisition of RFG which contributed $3.1 million in selling, general and administrative expenses for the year ended October 31, 2011. The remaining is a decrease of $1.7 million, which is due to lower corporate costs, including, but not limited to, management bonuses (totaling approximately $3.2 million), and a decrease in the contingent consideration liability related to the acquisition of CSL (totaling approximately $0.6 million, see Note 16 of the consolidated financial statements), partially offset by increases in salaries and employee benefits (totaling approximately $1.2 million), broker commission (totaling approximately $0.3 million), audit fees (totaling approximately $0.2 million), consulting fees (totaling approximately $0.2 million), legal fees (totaling approximately $0.1 million) and employee benefits (totaling approximately $0.1 million).

For fiscal year 2010, selling, general and administrative expenses increased $0.4 million or 1.7% when compared to the same period for fiscal 2009. This increase was primarily related to higher corporate costs, including, but not limited to, costs related to an increase in management bonuses (totaling approximately $0.9 million), and an increase in directors fees (totaling approximately $0.3 million). Such higher corporate costs were partially offset, however, by lower salaries and employee benefits (totaling approximately $0.4 million), lower audit fees (totaling approximately $ 0.3 million) and a decrease in bad debt expense (totaling approximately $0.1 million).

INTEREST INCOME

		2011	CHANGE		2010	CHANGE		2009
(Dollars in thousands)								
Interest income	$	191	(30.3%)	$	274	(28.1%)	$	381
Percentage of net sales		0.0%			0.1%			0.1%

Interest income was primarily generated from loans to growers. The decrease in interest income in fiscal 2011 as compared to 2010 is due to the principal balances being paid off by Agricola Belher for infrastructure advances.

INTEREST EXPENSE

		2011	CHANGE		2010	CHANGE		2009
(Dollars in thousands)								
Interest expense	$	1,016	21.8%	$	834	(24.7%)	$	1,108
Percentage of net sales		(0.2%)			(0.2%)			(0.3%)

Interest expense is primarily generated from our line of credit borrowings, as well as our term loan agreements with FCW and BoA. In 2011, we entered into a loan agreement with FCW in connection with the acquisition of RFG. For fiscal 2011, as compared to fiscal 2010, the increase in interest expense was primarily related to a higher average outstanding balance under our term loan agreements and our non-collateralized, revolving credit facilities with FCW and BoA.

For fiscal 2010, as compared to fiscal 2009, the decrease in interest expense was primarily related to a lower average outstanding balance and an overall decrease in interest rates under our non-collateralized, revolving credit facilities with Farm Credit West, PCA and Bank of America, N.A.

OTHER INCOME, NET

		2011	CHANGE		2010	CHANGE		2009
(Dollars in thousands)								
Other income, net	$	137	(68.1)%	$	430	63.5%	$	263
Percentage of net sales		0.0%			0.1%			0.1%

Other income, net includes dividend income, as well as certain other transactions that are outside of the normal course of operations. During fiscal 2011, 2010, and 2009, we received $0.2 million, $0.2 million, and $0.1 million as dividend income from Limoneira. Partially offsetting dividend income within other income for fiscal year 2011, was the disposal of Property, Plant and Equipment not fully amortized for a loss of approximately $0.1 million.

PROVISION FOR INCOME TAXES

		2011	CHANGE		2010	CHANGE		2009
(Dollars in thousands)								
Provision for income taxes	$	7,249	(36.1)%	$	11,341	35.4%	$	8,277
Percentage of income before provision for income taxes		39.8%			39.1%			37.8%

The effective income tax rate for fiscal years 2011, 2010, and 2009 is higher than the federal statutory rate principally due to state taxes. Our effective income tax rate increased from 37.8% in fiscal year 2009 to 39.1% in fiscal year 2010 primarily as a result of an increase in foreign taxes, partially offset by a decrease in our average state tax rate.

QUARTERLY RESULTS OF OPERATIONS

The following table presents our operating results for each of the eight fiscal quarters in the period ended October 31, 2011. The information for each of these quarters is derived from our unaudited interim financial statements and should be read in conjunction with our audited consolidated financial statements included in this Annual Report. In our opinion, all necessary adjustments, which consist only of normal and recurring accruals, have been included to fairly present our unaudited quarterly results. Historically, we receive and sell a substantially lesser number of California avocados in our first fiscal quarter.

THREE MONTHS ENDED	OCT. 31, 2011	JULY 31, 2011	APR. 30, 2011	JAN. 31, 2011	OCT. 31, 2010	JULY 31, 2010	APR. 30, 2010	JAN. 31, 2010
(in thousands, except per share amounts)								
Statement of Operations Data								
Net sales	$147,349	$165,141	$118,720	$ 91,319	$107,234	$114,578	$109,219	$ 67,320
Cost of sales	133,917	153,801	109,300	82,650	92,940	99,303	96,133	58,445
Gross margin	13,432	11,340	9,420	8,669	14,294	15,275	13,086	8,875
Selling, general and administrative	7.033	6,844	5,635	5,015	7,035	5,514	5,455	5,164
Operating income	6,399	4,496	3,785	3,654	7,259	9,761	7,631	3,711
Other income (expense), net	(271)	(105)	223	22	169	181	233	36
Income before provision for income taxes	6,128	4,391	4,008	3,676	7,428	9,942	7,864	3,747
Provision for income taxes	2,540	1,689	1,634	1,386	2,733	4,045	3,090	1,473
Net income	3,588	2,702	2,374	2,290	4,695	5,897	4,774	2,274
Add: Net loss-noncontrolling interest	52	11	30	21	55	50	19	-
Net income-Calavo Growers, Inc	$ 3,640	$ 2,713	$ 2,404	$ 2,311	$ 4,750	$ 5,947	$ 4,793	$ 2,274
Basic	$ 0.25	$ 0.18	$ 0.16	$ 0.16	$ 0.32	$ 0.41	$ 0.33	$ 0.16
Diluted	$ 0.25	$ 0.18	$ 0.16	$ 0.16	$ 0.32	$ 0.41	$ 0.33	$ 0.16
Number of shares used in per share computation:								
Basic	14,769	14,755	14,726	14,723	14,710	14,651	14,572	14,505
Diluted	14,781	14,767	14,734	14,736	14,722	14,676	14,598	14,572

LIQUIDITY AND CAPITAL RESOURCES

Operating activities for fiscal 2011, 2010 and 2009 provided cash flows of $7.9 million, $20.0 million, and $22.0 million. Fiscal year 2011 operating cash flows reflect our net income of $11.0 million, net noncash charges (depreciation and amortization, income from unconsolidated entities, provision for losses on accounts receivable, interest on deferred compensation, deferred income taxes, and stock compensation expense) of $5.6 million and a net decrease from changes in the non-cash components of our working capital accounts of approximately $8.7 million.

Fiscal year 2011 increases in operating cash flows, caused by working capital changes, includes a decrease in payable to growers of $4.9 million, a decrease in trade accounts payable and accrued expenses of $4.2 million, an increase in advances to suppliers of $1.8 million, an increase in inventory of $2.1 million, and an increase in income tax receivable of $1.9 million, partially offset by a decrease in accounts receivable of $4.3 million, and a decrease in prepaid expenses and other current assets of $1.9 million.

The decrease in our trade accounts payable and accrued expenses primarily reflect a contingent consideration accrual related to our acquisition of RFG (see note 17 to our Consolidated Financial Statements), and a decrease in management bonuses in fiscal year 2011, compared to the previous year.The decrease in payable to our growers primarily reflects a decrease in California fruit delivered in the month of October 2011, as compared to the month of October 2010. The increase in our inventory balance is primarily related to an increase in Mexico avocado inventory on hand at October 31, 2011, as compared to the same prior year period. The decrease in our accounts receivable balance as of October 31, 2011, when compared to October 31, 2010, primarily reflects less California avocado sales recorded in the month of October 2011, as compared to October 2010.

Cash used in investing activities was $20.9 million, $9.5 million, and $6.0 million for fiscal years 2011, 2010, and 2009. Fiscal year 2011 cash flows used in investing activities includes the acquisition of RFG net of cash acquired of $13.4 million, capital expenditures of $4.8 million, and infrastructure advances to Agricola Belher of $3.0 million. Such payments were partially offset by distributions received of $0.3 million from our joint venture Maui Fresh International, LLC.

Cash provided by financing activities was $14.8 million for fiscal year 2011. Cash used in financing activities was $10.3 million and $16.6 million for fiscal years 2010 and 2009. Cash provided during fiscal year 2011 primarily includes proceeds from issuance of long-term obligations of $22.1 million, proceeds from our non-collateralized, revolving credit facilities totaling $9.7 million, and $0.9 million provided by the exercise of stock options. Partially offsetting these proceeds, however, were payments on long-term debt obligations of $9.8 million and a payment of a dividend of $8.1 million.

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 October 31, 2011 and 2010 totaled $2.8 million and $1.1 million. Our working capital at October 31, 2011 was $8.6 million, compared to $14.8 million at October 31, 2010.

We believe that cash flows from operations and available 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.

Effective May 31, 2011, the Company and FCW, entered into a Term Revolving Credit Agreement (Revolving Agreement). Under the terms of the Revolving Agreement, we are advanced funds for working capital purposes, the purchase and installation of capital items, as well as other corporate needs of the Company. Total credit available under the borrowing agreement is $40 million, up from $30 million, and expires on February 1, 2016. This increase was at our request and not due to any immediate cash flows needs. The credit facility and term loan contain various financial covenants, the most significant relating to tangible net worth (as defined), Fixed Charge Coverage Ratio (as defined) and Current Ratio (as defined).

Effective September 30, 2011, the Company and Bank of America, N.A. (BoA), entered into an agreement, Amendment No. 4 to Loan Agreement (the Agreement), which amended our existing credit facility with BoA. Under the terms of the Agreement, we are advanced funds primarily for working capital purposes. Total credit available under the borrowing agreement is now $25 million, up from $15 million and now expires on February 1, 2016. This increase was at our request and not due to any immediate cash flows needs.

Under the terms of these agreements, we are advanced funds for both working capital and long-term productive asset purchases. Total credit available under these combined borrowing agreements was $65 million, with a weighted-average interest rate of 1.6% and 2.3% at October 31, 2011 and 2010. Under these credit facilities, we had $17.9 million and $8.2 million outstanding as October 31, 2011 and 2010. These credit facilities contain various financial covenants, the most significant relating to Tangible Net Worth (as defined), Current Ratio (as defined), and Fixed Charge Coverage Ratio (as defined). We were in compliance with all such covenants at October 31, 2011.

The following table summarizes contractual obligations pursuant to which we are required to make cash payments. The information is presented as of our fiscal year ended October 31, 2011:

	PAYMENTS DUE BY PERIOD				
CONTRACTUAL OBLIGATIONS	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Long-term debt obligations (including interest)	$ 25,626	$ 6,164	$ 11,571	$ 7,379	$ 512
Revolving credit facilities	17,860	17,860	–	–	–
Defined benefit plan	245	42	84	84	35
Operating lease commitments	19,686	2,662	5,210	4,381	7,433
Total	$ 63,417	$ 26,728	$ 16,865	$ 11,844	$ 7,980

The California avocado industry is subject to a state marketing order whereby handlers are required to collect assessments from the growers and remit such assessments to the California Avocado Commission (CAC). The assessments are primarily for advertising and promotions. The amount of the assessment is based on the dollars paid to the growers for their fruit, and, as a result, is not determinable until the value of the payments to the growers has been calculated.

With similar precision, amounts remitted to the Hass Avocado Board (HAB) in connection with their assessment program, are likewise not determinable until the fruit is actually delivered to us. HAB assessments are primarily used to fund marketing and promotion efforts.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2009, the Financial Accounting Standards Board (FASB) issued revised guidance for the accounting of transfers of financial assets. This guidance is intended to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. The adoption of this accounting guidance did not have a material impact on our financial position, results of operations or liquidity.

In June 2009, the FASB issued revised guidance for the accounting of variable interest entities, which replaces the quantitative-based risks and rewards approach with a qualitative approach that focuses on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance. This accounting guidance also requires an ongoing reassessment of whether an entity is the primary beneficiary and requires additional disclosures about an enterprise's involvement in variable interest entities. The adoption of this accounting guidance did not have a material impact on our financial position, results of operations or liquidity.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2011, the FASB issued guidance regarding the presentation of comprehensive income. The new standard requires the presentation of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The new standard also requires presentation of adjustments for items that are reclassified from other comprehensive income to net income in the statement where the components of net income and the components of other comprehensive income are presented. The updated guidance is effective on a retrospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The adoption of this standard will only impact the presentation of our consolidated financial statements and will have no impact on the reported results.

In May 2011, the FASB issued additional guidance on fair value measurements that clarifies the application of existing guidance and disclosure requirements, changes certain fair value measurement principles and requires additional disclosures about fair value measurements. The updated guidance is effective on a prospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. We do not believe that adoption of this guidance will have a material impact on our financial position and results of operations.

In December 2010, the FASB issued an update to modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This accounting guidance will be effective for financial statements issued for fiscal years beginning after December 15, 2010, and interim periods within those fiscal years. Early adoption is not permitted. We do not believe that adoption of this guidance will have a material impact on our financial position and results of operations.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our financial instruments include cash and cash equivalents, accounts receivable, payable to growers, accounts payable, current and long-term 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 October 31, 2011.

EXPECTED MATURITY DATE OCTOBER 31,	2012	2013	2014	2015	2016	THERE-AFTER	TOTAL	FAIR VALUE
(All amounts in thousands)								
ASSETS								
Cash and cash equivalents (1)	$ 2,774	$ –	$ –	$ –	$ –	$ –	$ 2,774	$ 2,774
Accounts receivable (1)	36,101	–	–	–	–	–	36,101	36,101
Advances to suppliers (1)	3,349	–	–	–	–	–	3,349	3,349
LIABILITIES								
Payable to growers (1)	$ 5,082	$ –	$ –	$ –	$ –	$ –	$ 5,082	$ 5,082
Accounts payable (1)	7,038	–	–	–	–	–	7,038	7,038
Current borrowings pursuant to credit facilities (1)	17,860	–	–	–	–	–	17,860	17,860
Fixed-rate long-term obligations (2)	5,448	5,384	5,264	4,952	2,153	491	23,692	23,430

(1) We believe the carrying amounts of cash and cash equivalents, accounts receivable, advances to suppliers, 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) Fixed-rate long-term obligations bear interest rates ranging from 1.7% to 5.7% with a weighted-average interest rate of 3.0%. We believe that loans with a similar risk profile would currently yield a return of 2.5%. 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 $602,000.

Except as disclosed in Note 16, 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. Historically, the consistency of the spot rate for the Mexican peso has led to a small-to-moderate impact on our operating results. We do not anticipate using derivative instruments to hedge fluctuations in the Mexican peso to U.S. dollar exchange rates during fiscal 2011. Total foreign currency losses for fiscal 2011, net of gains, was less than $0.1 million. Total foreign currency losses for fiscal 2010, net of gains was $0.1 million. Total foreign currency gains for fiscal 2009, net of losses, was less than $0.1 million.

CONSOLIDATED BALANCE SHEETS

(in thousands)

OCTOBER 31,	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,774	$ 1,064
Accounts receivable, net of allowances of $2,285 (2011) and $1,372 (2010)	36,101	31,743
Inventories, net	17,787	14,831
Prepaid expenses and other current assets	6,220	8,424
Advances to suppliers	3,349	1,598
Income taxes receivable	3,111	1,816
Deferred income taxes	2,136	2,336
Total current assets	71,478	61,812
Property, plant, and equipment, net	47,091	41,059
Investment in Limoneira Company	29,991	34,986
Investment in unconsolidated entities	2,292	2,016
Goodwill	18,349	4,085
Other assets	16,122	6,240
	$ 185,323	$ 150,198
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Payable to growers	$ 5,082	$ 11,208
Trade accounts payable	7,038	2,839
Accrued expenses	19,285	15,353
Short-term borrowings	17,860	8,150
Dividend payable	8,123	8,092
Current portion of long-term obligations	5,448	1,369
Total current liabilities	62,836	47,011
Long-term liabilities:		
Long-term obligations, less current portion	18,244	6,089
Deferred income taxes	8,002	8,266
Total long-term liabilities	26,246	14,355
Commitments and contingencies		
Noncontrolling interest	461	575
Shareholders' equity:		
Common stock ($0.001 par value, 100,000 shares authorized; 14,770 and 14,712 shares outstanding at October 31, 2011 and 2010)	14	14
Additional paid-in capital	49,929	42,319
Accumulated other comprehensive income	3,935	6,959
Retained earnings	41,902	38,965
Total shareholders' equity	95,780	88,257
	$ 185,323	$ 150,198

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

YEAR ENDED OCTOBER 31,	2011	2010	2009
Net sales	$ 522,529	$ 398,351	$ 344,765
Cost of sales	479,668	346,821	300,232
Gross margin	42,861	51,530	44,533
Selling, general and administrative	24,527	23,168	22,791
Operating income	18,334	28,362	21,742
Equity in earnings from unconsolidated entities	557	749	610
Interest income	191	274	38
Interest expense	(1,016)	(834)	(1,108)
Other income, net	137	430	263
Income before provision for income taxes	18,203	28,981	21,888
Provision for income taxes	7,249	11,341	8,277
Net income	10,954	17,640	13,611
Add: Net loss attributable to noncontrolling interest	114	124	—
Net income attributable to Calavo Growers, Inc.	$ 11,068	$ 17,764	$ 13,611
Calavo Growers, Inc.'s net income per share:			
Basic	$ 0.75	$ 1.22	$ 0.94
Diluted	$ 0.75	$ 1.22	$ 0.94
Number of shares used in per share computation:			
Basic	14,743	14,610	14,451
Diluted	14,751	14,619	14,503

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

YEAR ENDED OCTOBER 31,	2011	2010	2009
Net income	$ 10,954	$ 17,640	$ 13,611
Other comprehensive income (loss), before tax:			
Unrealized holding gains (losses) arising during period	(4,996)	10,786	(5,704)
Income tax benefit (expense) related to items of other comprehensive income (loss)	1,972	(4,293)	2,227
Other comprehensive income (loss), net of tax	(3,024)	6,493	(3,477)
Comprehensive income	7,930	24,133	10,134
Add: Net loss attributable to noncontrolling interest	114	124	—
Comprehensive income – Calavo Growers, Inc.	$ 8,044	$ 24,257	$ 10,134

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)

	Common Stock		Additional	Accumulated Other	Retained	
	Shares	Amount	Paid-in Capital	Comprehensive Income	Earnings	Total
Balance, October 31, 2008	14,419	14	38,626	3,943	22,934	65,517
Exercise of stock options and income tax benefit of $261	86	–	1,044	–	–	1,044
Stock compensation expense	–	–	44	–	–	44
Unrealized loss on Limoneira investment, net	–	–	–	(3,477)	–	(3,477)
Dividend declared to shareholders	–	–	–	–	(7,252)	(7,252)
Net income	–	–	–	–	13,611	13,611
Balance, October 31, 2009	14,505	14	39,714	466	29,293	69,487
Exercise of stock options and income tax benefit of $664	207	–	2,553	–	–	2,553
Stock compensation expense	–	–	52	–	–	52
Unrealized gain on Limoneira investment, net	–	–	–	6,493	–	6,493
Dividend declared to shareholders	–	–	–	–	(8,092)	(8,092)
Net income attributable to Calavo Growers, Inc.	–	–	–	–	17,764	17,764
Balance, October 31, 2010	14,712	14	42,319	6,959	38,965	88,257
Exercise of stock options and income tax benefit of $26	15	–	239	–	–	239
Stock compensation expense	–	–	188	–	–	188
Unrealized loss on Limoneira investment, net	–	–	–	(3,024)	–	(3,024)
Acquisition of RFG	43	–	7,183	–	–	7,183
Dividend declared to shareholders	–	–	–	–	(8,131)	(8,131)
Net income attributable to Calavo Growers, Inc.	–	–	–	–	11,068	11,068
Balance, October 31, 2011	14,770	$ 14	$ 49,929	$ 3,935	$ 41,902	$ 95,780

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

YEAR ENDED OCTOBER 31,	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 10,954	$ 17,640	$ 13,611
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,327	3,368	3,054
Provision for losses on accounts receivable	64	38	106
Income from unconsolidated entities	(557)	(749)	(610)
Interest on contingent consideration	101	62	152
Revalue adjustment on contingent consideration	(535)	–	–
Stock compensation expense	188	52	44
Loss on disposal of property, plant, and equipment	139	–	–
Deferred income taxes	1,907	1,332	(215)
EFFECT ON CASH OF CHANGES IN OPERATING ASSETS AND LIABILITIES:			
Accounts receivable	4,270	(9,353)	5,297
Inventories, net	(2,137)	(3,006)	3,158
Prepaid expenses and other current assets	1,936	(2,544)	(963)
Advances to suppliers	(1,751)	1,025	219
Income taxes receivable	(1,933)	765	(1,072)
Other assets	(12)	(25)	(113)
Payable to growers	(4,901)	8,645	(95)
Trade accounts payable and accrued expenses	(4,194)	2,729	(69)
Net cash provided by operating activities	7,866	19,979	22,504
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of property, plant, and equipment	(4,826)	(4,767)	(4,149)
Loan to Agricola Belher	(3,000)	–	–
Distribution from unconsolidated entity	281	116	–
Acquisition of Renaissance Food Group, net of cash acquired	(13,362)	–	–
Acquisition of Hawaiian Sweet and Pride, net of cash acquired	–	(4,500)	(2,348)
Acquisition of Calavo Salsa Lisa, net of cash acquired	–	(351)	–
Net cash used in investing activities	(20,907)	(9,502)	(6,497)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of dividend to shareholders	(8,100)	(7,252)	(5,047)
Proceeds (payments) from (on) revolving credit facility, net	9,710	1,580	(11,160)
Proceeds from issuance of long-term obligations	22,135	–	–
Payments on long-term obligations	(9,871)	(6,766)	(1,364)
Proceeds from stock option exercises	213	1,889	783
Tax benefit of stock option exercises	664	261	147
Net cash provided by (used in) financing activities	14,751	(10,288)	(16,641)
Net increase (decrease) in cash and cash equivalents	1,710	189	(634)
Cash and cash equivalents, beginning of year	1,064	875	1,509
Cash and cash equivalents, end of year	$ 2,774	$ 1,064	$ 875
SUPPLEMENTAL INFORMATION:			
Cash paid during the year for:			
Interest	$ 985	$ 850	$ 1,195
Income taxes	$ 6,313	$ 8,845	$ 8,803
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Tax receivable increase related to stock option exercise	$ 26	$ 664	$ 261
Declared dividends payable	$ 8,123	$ 8,092	$ 7,252
Construction in progress included in trade accounts payable and accrued expenses	$ 36	$ 32	$ 245
Collection for Agricola Belher Infrastructure Advance	$ 1,225	$ 1,781	$ 507
Minimum earnout adjustment related to the acquisition of Hawaiian Sweet and Pride	$ –	$ –	$ 902
Unrealized holding gains (losses)	$ (4,996)	$ 10,786	$ (5,704)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Continued

In June 2011, we acquired all of the outstanding interest of Renaissance Food Group, LLC (See Note 17). The following table summarizes, estimated fair values of the non-cash assets acquired, liabilities assumed and equity issued at the date of acquisition

(in thousands):

AT JUNE 1, 2011	
Current assets, excluding cash	$ 9,623
Property, plant, and equipment	4,580
Goodwill	14,264
Other assets	117
Intangible assets	8,690
Total assets acquired	37,274
Current liabilities	(12,292)
Contingent consideration	(7,774)
Long-term obligations	(2,894)
Additional paid-in capital	(952)
Net non-cash assets acquired	$ 13,362

In February 2010, we entered into an asset purchase and contribution agreement in which we acquired a 65 percent ownership interest in Calavo Salsa Lisa, LLC which acquired substantially all of the assets of Lisa's Salsa Company. See Note 16 for further information. The following table summarizes the estimated fair values of the non-cash assets acquired and liabilities assumed at the date of acquisition

(in thousands):

AT FEBRUARY 8, 2010	
Current assets, excluding cash	$ 214
Property, plant, and equipment	321
Goodwill	88
Intangible assets	1,950
Total assets acquired	2,573
Current liabilities	(55)
Noncontrolling interest	(699)
Contingent consideration	(1,468)
Net non-cash assets acquired	$ 351

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF THE BUSINESS

Business

Calavo Growers, Inc. (Calavo, the Company, we, us or our), is a global leader in the avocado industry and an expanding provider of value-added fresh food. Our expertise in marketing and distributing avocados, prepared avocados, and other perishable foods allows us to deliver a wide array of fresh and prepared food products to food distributors, produce wholesalers, supermarkets, and restaurants on a worldwide basis. We procure avocados principally from California, Mexico, and Chile. Through our various operating facilities, we sort, pack, and/or ripen avocados, tomatoes and/or Hawaiian grown papayas. Additionally, we also produce salsa and prepare ready-to-eat produce and deli products. We distribute our products both domestically and internationally and report our operations in two different business segments: Fresh products and Calavo Foods. See Note 17 for discussion regarding our acquisition of Renaissance Food Group, LLC (RFG).

NOTE 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States.

Our consolidated financial statements include the accounts of Calavo Growers, Inc. and our wholly owned subsidiaries, Calavo de Mexico S.A. de C.V., Calavo Foods de Mexico S.A. de C.V., Calavo Inversiones (Chile) Limitada, Maui Fresh International, Inc. (Maui), Hawaiian Sweet, Inc. (HS) and Hawaiian Pride, LLC (HP). In addition, we consolidate our entity Calavo Salsa Lisa, LLC (CSL), in which we have a 65 percent ownership interest. See Note 16 for discussion regarding our acquisition of CSL. In addition, we consolidate our newly acquired entity Renaissance Food Group, LLC (RFG). See Note 17 for discussion regarding our acquisition of RFG. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

We consider all highly liquid financial instruments purchased with an original maturity date of three months or less to be cash equivalents. The carrying amounts of cash and cash equivalents approximate their fair values.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of non-trade receivables, infrastructure advances and prepaid expenses. Non-trade receivables were $4.5 and $6.9 million at October 31, 2011 and 2010. Infrastructure advances are discussed below. Prepaid expenses of $0.9 million and $0.3 million at October 31, 2011 and 2010, are primarily for insurance, rent and other items.

Inventories

Inventories are stated at the lower of cost or market. Cost is computed on a monthly weighted-average basis, which approximates the first-in, first-out method; market is based upon estimated replacement costs. Costs included in inventory primarily include the following: fruit, picking and hauling, overhead, labor, materials and freight.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are stated at cost and amortized over the lesser of their estimated useful lives or the term of the lease, using the straight-line method. Useful lives are as follows: buildings and improvements - 7 to 50 years; leasehold improvements - the lesser of the term of the lease or 7 years; equipment - 7 to 25 years; information systems hardware and software – 3 to 15 years. Significant repairs and maintenance that increase the value or extend the useful life of our fixed asset are capitalized. Replaced fixed assets are written off. Ordinary maintenance and repairs are charged to expense.

We capitalize software development costs for internal use beginning in the application development stage and ending when the asset is placed into service. Costs capitalized include coding and testing activities and various implementation costs. These costs are limited to

(1) external direct costs of materials and services consumed in developing or obtaining internal-use computer software; (2) payroll and payroll-related costs for employees who are directly associated with and who devote time to the internal-use computer software project to the extent of the time spent directly on the project; and (3) interest cost incurred while developing internal-use computer software. See Note 4 for further information.

Goodwill and Acquired Intangible Assets

Goodwill is tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below the operating segment. Goodwill impairment testing is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, and the second step of the impairment test would be unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test must be performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss must be recognized in an amount equal to that excess. Goodwill impairment testing requires significant judgment and management estimates, including, but not limited to, the determination of (i) the number of reporting units, (ii) the goodwill and other assets and liabilities to be allocated to the reporting units and (iii) the fair values of the reporting units. The estimates and assumptions described above, along with other factors such as discount rates, will significantly affect the outcome of the impairment tests and the amounts of any resulting impairment losses. We performed our annual assessment of goodwill and determined that no impairment existed as of October 31, 2011.

Long-lived Assets

Long-lived assets, including fixed assets and intangible assets (other than goodwill), are continually monitored and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. The determination of recoverability is based on an estimate of undiscounted cash flows expected to result from the use of an asset and its eventual disposition. The estimate of undiscounted cash flows is based upon, among other things, certain assumptions about future operating performance, growth rates and other factors. Estimates of undiscounted cash flows may differ from actual cash flows due to, among other things, technological changes, economic conditions, changes to the business model or changes in operating performance. If the sum of the undiscounted cash flows (excluding interest) is less than the carrying value, an impairment loss will be recognized, measured as the amount by which the carrying value exceeds the fair value of the asset. We have evaluated our long-lived assets and determined that no impairment existed as of October 31, 2011.

Investments

We account for non-marketable investments using the equity method of accounting if the investment gives us the ability to exercise significant influence over, but not control, an investee. Significant influence generally exists when we have an ownership interest representing between 20% and 50% of the voting stock of the investee. Under the equity method of accounting, investments are stated at initial cost and are adjusted for subsequent additional investments and our proportionate share of earnings or losses and distributions. Additional investments by other parties in the investee, if any, will result in a reduction in our ownership interest, and the resulting gain or loss will be recorded in our consolidated statements of income.

In August 2006, we entered into a joint venture agreement with San Rafael Distributing (SRD) for the purpose of the wholesale marketing, sale and distribution of fresh produce from the existing location of SRD at the Los Angeles Wholesale Produce Market (Terminal Market), located in Los Angeles, California. Such joint venture operates under the name of Maui Fresh International, LLC (Maui Fresh) and commenced operations in August 2006. SRD and Calavo each have an equal one-half ownership interest in Maui Fresh, but SRD has overall management responsibility for the operations of Maui Fresh at the Terminal Market. We use the equity method to account for this investment.

Commencing on the first anniversary of this agreement and continuing thereafter during the term of the agreement, Calavo has the unconditional right, but not the obligation, to purchase the one-half interest in Maui Fresh owned by SRD at a purchase price to be determined pursuant to the agreement. The term of the agreement is for five years, which may be extended, or terminated early, as defined. As of October 31, 2011 and 2010, we have no advances outstanding to Maui Fresh.

In June 2009, we (through our wholly owned subsidiary: Calavo Inversiones (Chile) Limitada) entered into a joint venture agreement with Exportadora M5, S.A. (M5) for the purpose of selling and distributing Chilean sourced avocados. Such joint venture operates under the name of Calavo de Chile and commenced operations in July 2009. M5 and Calavo each have an equal one-half ownership interest in Calavo de Chile, but M5 has overall management responsibility for the operations of Calavo De Chile. We use the equity method to account for this investment.

Marketable Securities

Our marketable securities consist of our investment in Limoneira Company (Limoneira) stock. We currently own approximately 15% of Limoneira's outstanding common stock. These securities are carried at fair value as determined from quoted market prices. The estimated fair value, cost, and gross unrealized gain related to such investment was $30.0 million, $23.5 million and $6.5 million as of October 31, 2011. The estimated fair value, cost, and gross unrealized gain related to such investment was $35.0 million, $23.5 million and $11.5 million as of October 31, 2010.

Advances to Suppliers

We advance funds to third-party growers primarily in Chile and Mexico for various farming needs. Typically, we obtain collateral (i.e. fruit, fixed assets, etc.) that approximates the value at risk, prior to making such advances. We continuously evaluate the ability of these growers to repay advances in order to evaluate the possible need to record an allowance. No such allowance was required at October 31, 2011, nor October 31, 2010.

Pursuant to our distribution agreement, which was amended in fiscal 2011, with Agricola Belher (Belher) of Mexico, a producer of fresh vegetables, primarily tomatoes, for export to the U.S. market, Belher agreed, at their sole cost and expense, to harvest, pack, export, ship, and deliver tomatoes exclusively to our company, primarily our Arizona facility. In exchange, we agreed to sell and distribute such tomatoes, make advances to Belher for operating purposes, provide additional advances as shipments are made during the season (subject to limitations, as defined), and return the proceeds from such tomato sales to Belher, net of our commission and aforementioned advances. Pursuant to such amended agreement with Belher, we advanced Belher a total of $3.0 million, up from $2.0 million in the original agreement, during fiscal 2011. Additionally, the amended agreement calls for us to continue to advance $3.0 million per annum for operating purposes through 2019. These advances will be collected through settlements by the end of each year. As of October 31, 2011 and 2010, we have total advances of $3.0 million and $1.0 million to Belher pursuant to this agreement, which is recorded in advances to suppliers.

Infrastructure Advances

Pursuant to our infrastructure agreement, we make advances to be used solely for the acquisition, construction, and installation of improvements to and on certain land owned/controlled by Belher, as well as packing line equipment. Advances incur interest at 4.7% and 6.5% at October 31, 2011 and 2010. Pursuant to the revised/amended agreement discussed above, we advanced Belher $3.0 million during fiscal 2011, which was used to build 47 hectares (approximately 116 acres) of shade-cloth/green house construction. As of October 31, 2011 and 2010, we have advanced a total of $4.2 million and $2.4 million ($0.8 million and $1.2 million included in prepaid expenses and other current assets and $3.4 million and $1.2 million included in other long-term assets). Belher is to annually repay these advances in no less than 20% increments through July 2016. Interest is to be paid monthly or annually, as defined. Belher may prepay, without penalty, all or any portion of the advances at any time. In order to secure their obligations pursuant to both agreements discussed above, Belher granted us a first-priority security interest in certain assets, including cash, inventory and fixed assets, as defined.

Accrued Expenses

Included in accrued expenses at October 31, 2011 and 2010 are uninvoiced receipts of approximately $4.1 million and $1.9 million.

Revenue Recognition

Sales of products and related costs of products sold are recognized when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the price is fixed or determinable and (iv) collectability is reasonably assured. These terms are typically met upon shipment of product to the customer. Service revenue, including freight, ripening, storage, bagging and palletization charges, is recorded when services are performed and sales of the related products are delivered.

Shipping and Handling

We include shipping and handling fees billed to customers in net revenues. Amounts incurred by us for freight are included in cost of goods sold.

Promotional Allowances

We provide for promotional allowances at the time of sale, based on our historical experience. Our estimates are generally based on evaluating the historical relationship between promotional allowances and gross sales. The derived percentage is then applied to the current period's sales revenues in order to arrive at the appropriate debit to sales allowances for the period. The offsetting credit is made to accrued expenses. When certain amounts of specific customer accounts are subsequently identified as promotional, they are written off against this allowance. Actual amounts may differ from these estimates and such differences are recognized as an adjustment to net sales in the period they are identified.

Allowance for Accounts Receivable

We provide an allowance for estimated uncollectible accounts receivable balances based on historical experience and the aging of the related accounts receivable.

Consignment Arrangements

We frequently enter into consignment arrangements with avocado and tomato growers and packers located outside of the United States and growers of certain perishable products in the United States. Although we generally do not take legal title to these avocados and perishable products, we do assume responsibilities (principally assuming credit risk, inventory loss and delivery risk, and limited pricing risk) that are consistent with acting as a principal in the transaction. Accordingly, the accompanying financial statements include sales and cost of sales from the sale of avocados and perishable products procured under consignment arrangements. Amounts recorded for each of the fiscal years ended October 31, 2011, 2010 and 2009 in the financial statements pursuant to consignment arrangements are as follows (in thousands):

	2011	2010	2009
Sales	$ 38,327	$ 54,736	$ 44,776
Cost of Sales	34,859	48,713	41,941
Gross Margin	$ 3,468	$ 6,023	$ 2,835

Advertising Expense

Advertising costs are expensed when incurred. Such costs in fiscal 2011, 2010, and 2009 were approximately $0.1 million.

Other income, net

Included in other income, net is dividend income totaling $0.3 million, $0.3 million and $0.2 million for fiscal years 2011, 2010, and 2009. See Note 9 for related party disclosure related to other income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Among the significant estimates affecting the financial statements are those related to valuation allowances for accounts receivable, goodwill, grower advances, inventories, long-lived assets, valuation of and estimated useful lives of identifiable intangible assets, stock-based compensation, promotional allowances and income taxes. On an ongoing basis, management reviews its estimates based upon currently available information. Actual results could differ materially from those estimates.

Income Taxes

We account for deferred tax liabilities and assets for the future consequences of events that have been recognized in our consolidated financial statements or tax returns. Measurement of the deferred items is based on enacted tax laws. In the event the future consequences of differences between financial reporting bases and tax bases of our assets and liabilities result in a deferred tax asset, we perform an evaluation of the probability of being able to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

As a multinational corporation, we are subject to taxation in many jurisdictions, and the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. If we ultimately determine that the payment of these liabilities will be unnecessary, the liability will be reversed and we will recognize a tax benefit during the period in which it is determined the liability no longer applies. Conversely, we record additional tax charges in a period in which it is determined that a recorded tax liability is less than the ultimate assessment is expected to be.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability for U.S. or foreign taxes may be materially different from management's estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities.

Basic and Diluted Net Income per Share

Basic earnings per share is calculated using the weighted-average number of common shares outstanding during the period without consideration of the dilutive effect of stock options. The basic weighted-average number of common shares outstanding was 14,743,000, 14,610,000, and 14,451,000 for fiscal years 2011, 2010, and 2009. Diluted earnings per common share is calculated using the weighted-average number of common shares outstanding during the period after consideration of the dilutive effect of stock options, which were 8,000, 9,000, and 52,000 for fiscal years 2011, 2010 and 2009. There were no anti-dilutive options for fiscal years 2011, 2010 and 2009.

Stock-Based Compensation

We account for awards of equity instruments issued to employees under the fair value method of accounting and recognize such amounts in their statements of operations. We measure compensation cost for all stock-based awards at fair value on the date of grant and recognize compensation expense in our consolidated statements of operations over the service period that the awards are expected to vest.

The value of each option award that contains a market condition is estimated using a lattice-based option valuation model, while all other option awards are valued using the Black-Scholes-Merton option valuation model. We primarily consider the following assumptions when using these models: (1) expected volatility, (2) expected dividends, (3) expected life and (4) risk-free interest rate. Such models also consider the intrinsic value in the estimation of fair value of the option award. Forfeitures are estimated when recognizing compensation expense, and the estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of compensation expense to be recognized in future periods.

We measure the fair value of our stock option awards on the date of grant. The following assumptions were used in the estimated grant date fair value calculations for stock options:

	2011	2010	2009
Risk-free interest rate	0.96% - 1.40%	1.70%	2.02%
Expected volatility	32.63% - 60.00%	47.37%	67.95%
Dividend yield	2.5%	2.5%	4.3%
Expected life (years)	1.5 - 4.0	4.0	4.0

For the years ended October 31, 2011, 2010 and 2009, we recognized compensation expense of $188,000, $52,000, and $44,000 related to stock-based compensation.

The expected stock price volatility rates were based on the historical volatility of our common stock. The risk free interest rate was based on the U.S. Treasury yield curve in effect at the time of grant for periods approximating the expected life of the option. The expected life represents the average period of time that options granted are expected to be outstanding, as calculated using the simplified method described in the Securities and Exchange Commission's Staff Accounting Bulletin No. 107.

The Black-Scholes-Merton and lattice-based option valuation models were developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Because options held by our directors and employees have characteristics significantly different from those of traded options, in our opinion, the existing models do not necessarily provide a reliable single measure of the fair value of these options.

Foreign Currency Translation and Remeasurement

Our foreign operations are subject to exchange rate fluctuations and foreign currency transaction costs. The functional currency of our foreign subsidiaries is the United States dollar. As a result, monetary assets and liabilities are translated into U.S. dollars at exchange rates as of the balance sheet date and non-monetary assets, liabilities and equity are translated at historical rates. Sales and expenses are translated using a weighted-average exchange rate for the period. Gains and losses resulting from those remeasurements are included in income. Gains and losses resulting from foreign currency transactions are also recognized currently in income. Total foreign currency losses for fiscal 2011, net of gains, was less than $0.1 million. Total foreign currency losses for fiscal 2010, net of gains was $0.1 million. Total foreign currency gains for fiscal 2009, net of losses, was less than $0.1 million.

Fair Value of Financial Instruments

We believe that the carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximates fair value based on either their short-term nature or on terms currently available to the Company in financial markets. We believe that our fixed-rate long-term obligations have a fair value of approximately $23.4 million as of October 31, 2011, with a corresponding carrying value of approximately $23.7 million.

Derivative Financial Instruments

Except as disclosed in Note 16, we were not a party to any derivative instruments during the fiscal year 2011. 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.

Recently Adopted Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued revised guidance for the accounting of transfers of financial assets. This guidance is intended to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. The adoption of this accounting guidance did not have a material impact on our financial position, results of operations or liquidity.

In June 2009, the FASB issued revised guidance for the accounting of variable interest entities, which replaces the quantitative-based risks and rewards approach with a qualitative approach that focuses on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance. This accounting guidance also requires an ongoing reassessment of whether an entity is the primary beneficiary and requires additional disclosures about an enterprise's involvement in variable interest entities. The adoption of this accounting guidance did not have a material impact on our financial position, results of operations or liquidity.

Recently Issued Accounting Standards

In June 2011, the FASB issued guidance regarding the presentation of comprehensive income. The new standard requires the presentation of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The new standard also requires presentation of adjustments for items that are reclassified from other comprehensive income to net income in the statement where the components of net income and the components of other comprehensive income are presented. The updated guidance is effective on a retrospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The adoption of this standard will only impact the presentation of our consolidated financial statements and will have no impact on the reported results.

In May 2011, the FASB issued additional guidance on fair value measurements that clarifies the application of existing guidance and disclosure requirements, changes certain fair value measurement principles and requires additional disclosures about fair value measurements. The updated guidance is effective on a prospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. We do not believe that adoption of this guidance will have a material impact on our financial position and results of operations.

In December 2010, the FASB issued an update to modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This accounting guidance will be effective for financial statements issued for fiscal years beginning after December 15, 2010, and interim periods within those fiscal years. Early adoption is not permitted. We do not believe that adoption of this guidance will have a material impact on our financial position and results of operations.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as all changes in a company's net assets, except changes resulting from transactions with shareholders. For the fiscal year ended October 31, 2011, other comprehensive income includes the unrealized loss on our Limoneira investment totaling $3.0 million, net of income taxes. Limoneira's stock price at October 31, 2011 equaled $17.35 per share. For the fiscal year ended October 31, 2010, other comprehensive income includes the unrealized gain on our Limoneira investment totaling $6.5 million, net of income taxes. Limoneira's stock price at October 31, 2010 equaled $20.24 per share, after a 10 for 1 stock split in the second quarter of fiscal year 2010. For the fiscal year ended October 31, 2009, other comprehensive income includes the unrealized loss on our Limoneira investment totaling $3.5 million, net of income taxes. Limoneira's stock price at October 31, 2009 equaled $14.00 per share (adjusted for the above mentioned stock split).

Reclassifications

Certain items in the prior period financial statements have been reclassified to conform to the current period presentation.

NOTE 3. INVENTORIES

Inventories consist of the following (in thousands):

OCTOBER 31,	2011	2010
Fresh fruit	$ 6,588	$ 8,630
Packing supplies and ingredients	5,610	3,069
Finished prepared foods	5,589	3,132
	$ 17,787	$ 14,831

We assess the recoverability of inventories through an ongoing review of inventory levels in relation to sales and forecasts and product marketing plans. When the inventory on hand, at the time of the review, exceeds the foreseeable demand, the value of inventory that is not expected to be sold is written down. The amount of the write-down is the excess of historical cost over estimated realizable value (generally zero). Once established, these write-downs are considered permanent adjustments to the cost basis of the excess inventory.

The assessment of the recoverability of inventories and the amounts of any write-downs are based on currently available information and assumptions about future demand and market conditions. Demand for processed avocado products may fluctuate significantly over time, and actual demand and market conditions may be more or less favorable than our projections. In the event that actual demand is lower than originally projected, additional inventory write-downs may be required.

We did not record any lower of cost or market adjustments during fiscal years 2011 and 2010.

NOTE 4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following (in thousands):

OCTOBER 31,	2011	2010
Land	$ 7,023	$ 7,023
Buildings and improvements	18,279	18,039
Leasehold improvements	1,315	1,104
Equipment	50,511	48,725
Information systems - hardware and software	4,479	5,175
Construction in progress	4,426	2,265
	86,033	82,331
Less accumulated depreciation and amortization	(38,942)	(41,272)
	$ 47,091	$ 41,059

Depreciation expense was $3.2 million, $2.8 million and $2.6 million for fiscal years 2011, 2010, and 2009, of which $ 0.2 million was related to depreciation on capital leases for fiscal years 2011, 2010, and 2009.

We capitalize software development costs for internal use beginning in the application development stage and ending when the asset is placed into service. We amortize such costs using the straight-line basis over estimated useful lives. Beginning in fiscal year 2010, we began the process of converting to a new accounting software system, which is recorded into construction in progress. The total capitalized computer software costs related to this new accounting software system was $2.3 million and $1.7 million as of October 31, 2011 and 2010. We expect to be completed with the conversion of this accounting software in the second quarter of fiscal year 2012.

NOTE 5. OTHER ASSETS

Other assets consist of the following (in thousands):

OCTOBER 31,	2011	2010
Intangibles, net	$ 10,771	$ 2,872
Grower advances	1,531	1,827
Loan to Agricola Belher	3,380	1,225
Other	440	316
	$ 16,122	$ 6,240

Intangible assets consist of the following (in thousands):

		OCTOBER 31, 2011			OCTOBER 31, 2010		
	WEIGHTED-AVERAGE USEFUL LIFE	GROSS CARRYING VALUE	ACCUM. AMORTIZATION	NET BOOK VALUE	GROSS CARRYING VALUE	ACCUM. AMORTIZATION	NET BOOK VALUE
Customer list/relationships	8.0 years	$ 7,640	$ (445)	$ 7,195	$ 240	$ (26)	$ 214
Trade names	8.4 years	3,009	(1,207)	1,802	2,087	(989)	1,098
Trade secrets/recipes	11.9 years	1,520	(205)	1,315	1,350	(78)	1,272
Brand name intangibles	indefinite	275	—	275	275	—	275
Non-competition agreements	5.0 years	267	(83)	184	67	(54)	13
Intangibles, net		$ 12,711	$ (1,940)	$ 10,771	$ 4,019	$ (1,147)	$ 2,872

We recorded amortization expense of approximately $0.8 million, $0.3 million, and $0.2 million for fiscal years 2011, 2010, and 2009. We anticipate recording amortization expense of approximately $1.4 million for each of the fiscal years 2012 through 2015. We anticipate recording amortization expense of approximately $1.3 million for fiscal year 2016. The remainder of approximately $3.5 million will be amortized over fiscal years 2017 through 2023. See Note 17 for discussion regarding our acquisition of Renaissance Food Group, LLC.

NOTE 6. REVOLVING CREDIT FACILITIES

Effective May 31, 2011, the Company and Farm Credit West, PCA (FCW), entered into a Term Revolving Credit Agreement (Revolving Agreement). Under the terms of the Revolving Agreement, we are advanced funds for working capital purposes, the purchase and installation of capital items, as well as other corporate needs of the Company. Total credit available under the borrowing agreement is $40 million, up from $30 million, and expires on February 1, 2016. This increase was at our request and not due to any immediate cash flows needs.

Effective September 30, 2011, the Company and Bank of America, N.A. (BoA), entered into an agreement, Amendment No. 4 to Loan Agreement (the Agreement), which amended our existing credit facility with BoA. Under the terms of the Agreement, we are advanced funds primarily for working capital purposes. Total credit available under the borrowing agreement is now $25 million, up from $15 million and now expires on February 1, 2016. This increase was at our request and not due to any immediate cash flows needs.

Under the terms of these agreements, we are advanced funds for both working capital and long-term productive asset purchases. Total credit available under these combined borrowing agreements was $65 million, with a weighted-average interest rate of 1.6% and 2.3% at October 31, 2011 and 2010. Under these credit facilities, we had $17.9 million and $8.2 million outstanding as October 31, 2011 and 2010. These credit facilities contain various financial covenants, the most significant relating to Tangible Net Worth (as defined), Current Ratio (as defined), and Fixed Charge Coverage Ratio (as defined) (as defined). We were in compliance with all such covenants at October 31, 2011.

NOTE 7. EMPLOYEE BENEFIT PLANS

We sponsor two defined contribution retirement plans for salaried and hourly employees. As a result of the acquisition of RFG, we have three additional defined contribution retirement plans bringing the total to five. Expenses for these plans approximated $733,000, $639,000, and $557,000 for fiscal years 2011, 2010 and 2009, which are included in selling, general and administrative expenses in the accompanying financial statements.

We also sponsor a non-qualified defined benefit plan for two retired executives. Pension expenses, including actuarial losses, approximated $35,000, $34,000 and $48,000 for the year ended October 31, 2011, 2010, and 2009. These amounts are included in selling, general and administrative expenses in the accompanying financial statements.

Components of the change in projected benefit obligation for fiscal year ends consist of the following (in thousands):

	2011	2010
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 275	$ 283
Interest cost	13	16
Actuarial loss	22	18
Benefits paid	(42)	(42)
Projected benefit obligation at end of year (unfunded)	$ 268	$ 275

The following is a reconciliation of the unfunded status of the plans at fiscal year ends included in accrued expenses (in thousands):

	2011	2010
Projected benefit obligation	$ 268	$ 275
Unrecognized net (gain) loss	–	–
Recorded pension liabilities	$ 268	$ 275

Significant assumptions used in the determination of pension expense consist of the following:

	2011	2010
Discount rate on projected benefit obligation	4.00%	5.00%

NOTE 8. COMMITMENTS AND CONTINGENCIES

Commitments and guarantees

We lease facilities and certain equipment under non cancelable operating leases expiring at various dates through 2021. We are committed to make minimum cash payments under these agreements as of October 31, 2011, as follows (in thousands):

2012	$	2,662
2013		2,659
2014		2,551
2015		2,422
2016		1,959
Thereafter		7,433
	$	19,686

Total rent expense amounted to approximately $2.1 million, $1.7 million and $1.8 million for the years ended October 31, 2011, 2010, and 2009. Rent to Limoneira, for our corporate office, amounted to approximately $0.3 million for fiscal year 2011. For fiscal years 2010 and 2009, rent to Limoneira amounted to approximately $0.2 million. We are committed to rent our corporate facility through fiscal 2015 at an annual rental of $0.3 million per annum (subject to annual CPI increases, as defined).

Through the acquisition of RFG in June 2011, we have two additional facilities in California, one being the corporate office of RFG in Rancho Cordova, and the other being a fresh processing facility in Sacramento. RFG also has one other fresh processing facility in Houston, Texas. Both facilities process cut fruits and vegetables, salads, sandwiches, and wraps. The RFG corporate office in Rancho Cordova has an operating lease through September 2015. Total rent for fiscal 2011 was approximately $0.1 million. The processing facility in Sacramento has an operating lease through May 2021. Total rent for fiscal 2011 was approximately $0.2 million. The processing facility in Houston has an operating lease through May 2021. Total rent for fiscal 2011 was approximately $0.1 million.

We indemnify our directors and officers and have the power to indemnify each of our employees and other agents, to the maximum extent permitted by applicable law. The maximum amount of potential future payments under such indemnifications is not determinable. No amounts have been accrued in the accompanying financial statements related to these indemnifications.

Litigation

Hacienda Suits -- We are currently under examination by the Mexican tax authorities (Hacienda) for the tax years ended December 31, 2004, and 2005.

During the third quarter of fiscal year 2011, we received an update from our outside legal counsel regarding the examination of the tax year ended December 31, 2004. The appellate court upheld a lower court's decision on the two remaining items that we previously received an unfavorable ruling on. Based on discussions with our legal counsel, however, we believe that there were certain, administrative errors made by the appellate court and that one of the outstanding tax issues will be resolved in favor of the Company, while the other remaining issue remains unsettled. The total assessment related to this examination is estimated to be approximately $2.4 million. Based on discussion with our legal counsel, we believe that it is more likely than not that we will be successful in our defense and our tax position will be upheld based solely on the technical merits of the tax position. As such, no accrual has been recorded as of October 31, 2011.

In the first quarter of fiscal 2011, we received an assessment totaling approximately $720,000 related to the tax year ended December 31, 2005. This assessment relates to depreciation expense taken on our 2005 tax return. Based on discussions with legal counsel, we believe that the Hacienda's position is without merit and do not believe that the resolution of this examination will have a significant impact on our results of operations.

The Hacienda has concluded their examination for the year ended December 31, 2007, noting no changes. In addition, during the fourth quarter of fiscal 2011, the examination of the tax year ended December 31, 2000 was settled by the court in our favor.

From time to time, 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.

NOTE 9. RELATED-PARTY TRANSACTIONS

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 years ended October 31, 2011, 2010, and 2009, the aggregate amount of avocados procured from entities owned or controlled by members of our Board of Directors was $18.6 million, $23.9 million and $7.2 million. Accounts payable to these Board members was $0.1 million and $1.3 million as of October 31, 2011, and 2010.

During fiscal 2011, 2010 and 2009, we received $0.2 million, $0.2 million, and $0.1 million as dividend income from Limoneira.

The three previous owners and current executives of RFG have a majority ownership of certain entities that provide various services to RFG. RFG's California operating facility leases a building from LIG partners, LLC (LIG) pursuant to an operating lease. LIG is majority owned by an entity owned by such three executives of RFG. For the year ended October 31, 2011, since the acquisition of RFG, total rent paid to LIG was $0.2 million. Additionally, RFG sells cut produce and purchases raw materials, obtains transportation services, and shares costs for certain utilities with Third Coast Fresh Distribution (Third Coast). Third Coast is majority owned by an entity owned by such three executives of RFG. For the year ended October 31, 2011, total sales made to Third Coast were $1.1 million. For the year ended October 31, 2011, total purchases made from Third Coast were $0.4 million. Amounts due from Third Coast were $0.3 million as of October 31, 2011. Amounts due to Third Coast were $0.2 million as of October 31, 2011.

NOTE 10. INCOME TAXES

The income tax provision consists of the following for the years ended October 31 (in thousands):

	2011	2010	2009
Current:			
Federal	$ 4,405	$ 7,988	$ 6,305
State	1,107	1,868	1,522
Foreign	(170)	153	160
Total current	5,342	10,009	7,987
Deferred	1,907	1,332	290
Total income tax provision	$ 7,249	$ 11,341	$ 8,277

At October 31, 2011 and 2010, gross deferred tax assets totaled approximately $2.7 million and $3.0 million, while gross deferred tax liabilities totaled approximately $8.8 million and $9.0 million. Deferred income taxes reflect the net of temporary differences between the carrying amount of assets and liabilities for financial reporting and income tax purposes.

Significant components of our deferred taxes assets (liabilities) as of October 31, are as follows (in thousands):

	2011	2010
Allowances for accounts receivable	$ 564	$ 609
Inventories	435	662
State taxes	276	470
Accrued liabilities	861	595
Current deferred income taxes	$ 2,136	$ 2,336
Property, plant, and equipment	(5,258)	(3,775)
Intangible assets	(312)	(76)
Unrealized gain, Limoneira investment	(2,614)	(4,586)
Stock-based compensation	183	125
Other	(1)	46
Long-term deferred income taxes	$ (8,002)	$ (8,266)

A reconciliation of the significant differences between the federal statutory income tax rate and the effective income tax rate on pretax income for the years ended October 31, is as follows:

	2011	2010	2009
Federal statutory tax rate	35.0%	35.0%	35.0%
State taxes, net of federal effects	4.8	4.8	4.9
Foreign income taxes greater (less) than U.S.	(0.9)	(0.9)	(1.1)
Other	0.9	0.2	(1.0)
	39.8%	39.1%	37.8%

We intend to reinvest our accumulated foreign earnings, which approximated $7.6 million at October 31, 2011, indefinitely. As a result, we have not provided any deferred income taxes on such unremitted earnings. For fiscal years 2011, 2010 and 2009, income before income taxes related to domestic operations was approximately $17.1 million, $28.3 million, and $21.0 million. For fiscal years 2011, 2010 and 2009, income before income taxes related to foreign operations was approximately $1.1 million, $0.7 million and $0.9 million.

As of October 31, 2011 and 2010, we provided a liability less than $0.1 million for unrecognized tax benefits related to various federal and state income tax matters. The tax effected amount would reduce our effective income tax rate if recognized.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

Balance at November 1, 2009	$ 103
Balance at October 31, 2010	103
Reductions of tax positions from prior years	(62)
Balance at October 31, 2011	$ 41

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. For fiscal 2011 and 2010, we did not record any significant accrued interest and penalties. We do not expect any unrecognized tax benefits to reverse in fiscal 2012.

We are subject to U.S. federal income tax as well as income of multiple state tax jurisdictions. We are no longer subject to U.S. income tax examinations for the fiscal years prior to October 31, 2008, and are no longer subject to state income tax examinations for fiscal years prior to October 31, 2007.

NOTE 11. SEGMENT INFORMATION

We report our operations in two different business segments: Fresh products and Calavo Foods. These two business segments are presented based on how information is used by our Chief Executive Officer to measure performance and allocate resources. The Fresh products segment includes all operations that involve the distribution of avocados and other fresh produce products. The Calavo Foods segment represents all operations related to the purchase, manufacturing, and distribution of prepared products, including guacamole, tortilla chips, salsa, fresh-cut fruit, ready-to-eat vegetables, recipe-ready vegetables and deli meat products. Additionally, selling, general and administrative expenses, as well as other non-operating income/expense items, are evaluated by our Chief Executive Officer in the aggregate. We do not allocate assets, or specifically identify them to, our operating segments. The following table sets forth sales by product category, by segment (in thousands):

(All amounts are presented in thousands)	FRESH PRODUCTS	CALAVO FOODS(1)	TOTAL
YEAR ENDED OCTOBER 31, 2011(1)			
Net sales	$ 420,658	$ 101,871	$ 522,52
Cost of sales	388,820	90,848	479,668
Gross margin	$ 31,838	$ 11,023	$ 42,861
YEAR ENDED OCTOBER 31, 2010			
Net sales	$ 348,052	$ 50,299	$ 398,351
Cost of sales	309,609	37,212	346,821
Gross margin	$ 38,443	$ 13,087	$ 51,530
YEAR ENDED OCTOBER 31, 2009			
Net sales	$ 300,235	$ 44,530	$ 344,765
Cost of sales	271,159	29,073	300,232
Gross margin	$ 29,076	$ 15,457	$ 44,533

(1) Includes net sales and gross margin of $56.7 million and $4.3 million in fiscal 2011 related to the recently acquired business RFG. See Note 17 for additional information related to the acquisition of RFG.

For fiscal years 2011, 2010 and 2009, inter-segment sales and cost of sales of $50.1 million, $21.1 million, and $21.9 million were eliminated in consolidation.

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

	YEAR ENDED OCTOBER 31, 2010			YEAR ENDED OCTOBER 31, 2009		
	FRESH PRODUCTS	CALAVO FOODS(1)	FRESH TOTAL	FRESH PRODUCTS	CALAVO FOODS	TOTAL
THIRD-PARTY SALES:						
Avocados	$ 376,104	$ –	$ 376,104	$ 287,808	$ –	$ 287,808
Tomatoes	23,903	–	23,903	41,595	–	41,595
Papayas	13,245	–	13,245	11,278	–	11,278
Pineapples	4,278	–	4,278	3,838	–	3,838
Other Fresh products	3,276	–	3,276	3,617	–	3,617
Calavo Foods – food service	–	37,431	37,431	–	40,654	40,654
Calavo Foods – retail and club(1)	–	73,924	73,924	–	17,473	17,473
Total gross sales	420,806	111,355	532,161	348,136	58,127	406,263
Less sales incentives	(148)	(9,484)	(9,632)	(84)	(7,828)	(7,912)
Net sales	$ 420,658	$ 101,871	$ 522,529	$ 348,052	$ 50,299	$ 398,351

	YEAR ENDED OCTOBER 31, 2010			YEAR ENDED OCTOBER 31, 2009		
	FRESH PRODUCTS	CALAVO FOODS(1)	FRESH TOTAL	FRESH PRODUCTS	CALAVO FOODS	TOTAL
THIRD-PARTY SALES:						
Avocados	$ 287,808	$ –	$ 287,808	$ 259,558	$ –	$ 259,558
Tomatoes	41,595	–	41,595	14,067	–	14,067
Papayas	11,278	–	11,278	9,118	–	9,118
Pineapples	3,838	–	3,838	13,341	–	13,341
Other Fresh products	3,617	–	3,617	4,219	–	4,219
Calavo Foods – food service	–	40,654	40,654	–	36,493	36,493
Calavo Foods – retail and club	–	17,473	17,473	–	15,554	15,554
Total gross sales	348,136	58,127	406,263	300,303	52,047	352,350
Less sales incentives	(84)	(7,828)	(7,912)	(68)	(7,517)	(7,585)
Net sales	$ 348,052	$ 50,299	$ 398,351	$ 300,235	$ 44,530	$ 344,765

(1) Includes net sales of $56.7 million in fiscal 2011 related to the recently acquired business Renaissance Food Group, LLC (RFG). See Note 17 for additional information related to the acquisition of RFG.

Net sales to third parties by segment exclude inter-segment sales and cost of sales. For fiscal years 2011, 2010, and 2009, inter-segment sales and cost of sales for Fresh products totaling $15.8 million, $11.7 million and $14.1 million were eliminated. For fiscal years 2011, 2010, and 2009, inter-segment sales and cost of sales for Calavo Foods totaling $34.3 million $9.4 million, and $7.8 million were eliminated.

Sales to customers outside the United States were approximately $24.3 million, $24.3 million and $16.3 million for fiscal years 2011, 2010, and 2009.

Long-lived assets attributed to geographic areas as of October 31, are as follows (in thousands):

	UNITED STATES	MEXICO	CONSOLIDATED
2011	$ 30,494	$ 16,597	$ 47,091
2010	$ 24,816	$ 16,243	$ 41,059

12. LONG-TERM OBLIGATIONS

Long-term obligations at fiscal year ends consist of the following (in thousands):

	2011	2010
Farm Credit West, PCA, (FCW) term loan, bearing interest at 1.7%	$ 7,012	$ -
Bank of America, N.A. (BoA) term loan, bearing interest at 1.7%	7,135	-
FCW, term loan, bearing interest at 5.7%	5,200	6,500
Capital leases	4,345	958
	23,692	7,458
Less current portion	(5,448)	(1,369)
	$ 18,244	$ 6,089

See Note 17 for discussion regarding our acquisition of RFG. In conjunction with such acquisition, the Company and FCW entered into a Term Loan Agreement (Term Agreement), effective May 31, 2011. Under the terms of the Term Agreement, we were advanced $15 million for the purchase of RFG. Additionally, we are required to make 60 monthly principal and interest payments, in the amount billed, from July 1, 2011 to June 1, 2016. There is no prepayment penalty associated with this Term Agreement.

This Term Agreement also replaces in its entirety the original Term Loan Agreement dated June 1, 2005 by and between the Company and FCW. There was no significant change in terms between the original Term Loan Agreement and this new agreement.

Effective September 30, 2011, the Company and Bank of America, N.A. (BoA), entered into an agreement, Amendment No. 4 to Loan Agreement (the Agreement), which amended our existing credit facility with BoA. In addition, the Agreement includes a variable rate term loan in the amount of approximately $7.1 million. These proceeds were used to retire approximately 50% of the outstanding balance (as of September 30, 2011) of the term loan owed to FCW related to the purchase of RFG (see above). This effectively split the funding of the amounts due at closing for that acquisition between both banks. The credit facility and term loan contain various financial covenants, the most significant relating to Tangible Net Worth (as defined), Fixed Charge Coverage Ratio (as defined) and Current Ratio (as defined).

In conjunction with the purchase of RFG, we assumed various capital leases related to machinery and equipment. These leases bear interest at a weighted average interest rate of approximately 4.0%. The total obligation acquired related to these capital leases were $4.0 million, with $1.1 million being classified as in the current portion.

At October 31, 2011, annual debt payments are scheduled as follows (in thousands):

	TOTAL
Year ending October 31:	
2012	$ 5,448
2013	5,384
2014	5,264
2015	4,952
2016	2,153
Thereafter	491
	$ 23,692

NOTE 13. STOCK-BASED COMPENSATION

The Employee Stock Purchase Plan

The employee stock purchase plan was approved by our Board of Directors and shareholders. Participation in the employee stock purchase plan is limited to employees. The plan provides the Board of Directors, or a plan administrator, the right to make available up to 2,000,000 shares of common stock at a price not less than fair market value. In March 2002, the Board of Directors awarded selected employees the opportunity to purchase up to 474,000 shares of common stock at $7.00 per share, the closing price of our common stock on the date prior to the grant. The plan also permits us to advance all or some of the purchase price of the purchased stock to the employee upon the execution of a full-recourse note at prevailing interest rates. These awards expired in April 2002, with 84 participating employees electing to purchase approximately 279,000 shares. There was no activity related to such plan since this award.

The 2005 Stock Incentive Plan

The 2005 Stock Incentive Plan, was a stock-based compensation plan, under which employees and directors may be granted options to purchase shares of our common stock. We anticipate terminating such plan in the near future.

Stock options are granted with exercise prices of not less than the fair market value at grant date, generally vest over one to five years and generally expire two to five years after the grant date. We settle stock option exercises with newly issued shares of common stock. We measure compensation cost for all stock-based awards at fair value on the date of grant and recognize compensation expense in our consolidated statements of operations over the service period that the awards are expected to vest. We measure the fair value of our stock based compensation awards on the date of grant.

Subject to the adjustment provisions of the 2005 Plan that are applicable in the event of a stock dividend, stock split, reverse stock split or similar transaction, up to 2,500,000 shares of common stock may be issued under the 2005 Plan and no person shall be granted awards under the 2005 Plan during any 12-month period that cover more than 500,000 shares of common stock.

In December 2006, our Board of Directors approved the issuance of options to acquire a total of 20,000 shares of our common stock to two members of our Board of Directors. Each grant to acquire 10,000 shares vests in increments of 2,000 per annum over a five-year period and has an exercise price of $10.46 per share. Vested options have a term of five years from the vesting date.The market price of our common stock at the grant date was $10.46. The estimated fair market value of such option grant was approximately $40,000. The total compensation cost not yet recognized as of October 31, 2011 was not significant.

In May 2008, our Board of Directors approved the issuance of options to acquire a total of 58,000 shares of our common stock to three members of our Board of Directors. Each grant vests in equal increments over a five-year period and has an exercise price of $14.58 per share. Vested options have a term of five years from the vesting date.The market price of our common stock at the grant date was $14.58. The estimated fair market value of such option grants were approximately $184,000. The total compensation cost not yet recognized as of October 31, 2011 was approximately $55,000, which will be recognized over the remaining service period of 19 months.

In December 2008, our Board of Directors approved the issuance of options to acquire a total of 10,000 shares of our common stock to one member of our Board of Directors. Such grant vests in equal increments over a five-year period and has an exercise price of $8.05 per share. Vested options have a term of five years from the vesting date. The market price of our common stock at the grant date was $8.05. The estimated fair market value of such option grant was approximately $37,000. The total compensation cost not yet recognized as of October 31, 2011 was approximately $15,000, which will be recognized over the remaining service period of 25 months.

In August 2010, our Board of Directors approved the issuance of options to acquire a total of 10,000 shares of our common stock to one member of our Board of Directors. Such grant vests in equal increments over a five-year period and has an exercise price of $19.20 per share. Vested options have a term of five years from the vesting date. The market price of our common stock at the grant date was $19.20. The estimated fair market value of such option grant was approximately $64,000. The total compensation cost not yet recognized as of October 31, 2011 was approximately $44,000, which will be recognized over the remaining service period of 45 months.

A summary of stock option activity is as follows (in thousands, except for share amounts):

	NUMBER OF SHARES		WEIGHTED-AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE FAIR-VALUE		INTRINSIC VALUE
Outstanding at October 31, 2008	360	$	10.02			
Granted	10	$	8.05	$3.67/share		
Exercised	(86)	$	9.10			
Outstanding at October 31, 2009	284	$	10.23			
Granted	10	$	19.20	$6.36/share		
Exercised	(207)	$	9.13			
Outstanding at October 31, 2010	87	$	13.89			
Exercised	(15)	$	14.58			
Outstanding at October 31, 2011	72	$	13.75		$	583
Exercisable at October 31, 2011	31	$	12.69		$	284

The weighted average remaining life of such outstanding options is 5.1 years and the total intrinsic value of options exercised during fiscal 2011 was $0.1 million. The weighted average remaining life of such exercisable options is 3.1 years. The fair value of shares vested during the year ended October 31, 2011, 2010, and 2009 was approximately $0.7 million, $0.7 million, and $0.2 million.

The 2011 Management Incentive Plan

In April 2011, our shareholders approved the Calavo Growers, Inc. 2011 Management Incentive Plan (the 2011 Plan). All directors, officers, employees and consultants (including prospective directors, officers, employees and consultants) of Calavo and its subsidiaries are eligible to receive awards under the 2011 Plan. Up to 1,500,000 shares of common stock may be issued by Calavo under the 2011 Plan. As a result of such new plan, no new awards will be made under our 2005 Stock Incentive Plan.

In April 2011, our Board of Directors approved the issuance of options to acquire a total of 60,000 shares of our common stock to each member of our board of directors, except Lee Cole Chief Executive Officer (CEO). Each non-employee director was granted 5,000 shares of options at $21.82 per share. Such grant vests over a one-year period. Vested options have a term of one year from the vesting date. The market price of our common stock at the grant date was $21.82. The estimated fair market value of such option grant was approximately $202,000. The total compensation cost not yet recognized as of October 31, 2011 was approximately $85,000, which will be recognized over the remaining service period of 5 months.

In October 2011, our Board of Directors approved the issuance of options to acquire a total of 10,000 shares of our common stock by one member of our Board of Directors. Such grant vests in equal increments over a five-year period and has an exercise price of $21.80 per share. Vested options have a term of five years from the vesting date. The market price of our common stock at the grant date was $21.80. The estimated fair market value of such option grant was approximately $88,000. The total compensation cost not yet recognized as of October 31, 2011 was approximately $88,000, which will be recognized over the remaining service period of 60 months.

A summary of stock option activity, related to our 2011 Management Incentive Plan, is as follows (in thousands, except for per share amounts):

		NUMBER OF SHARES		WEIGHTED-AVERAGE EXERCISE PRICE		WEIGHTED-AVERAGE FAIR-VALUE		INTRINSIC VALUE
Granted		70	$	21.82		$4.15/share		
Forfeited		(5)	$	21.82				
Outstanding at October 31, 2011		65	$	21.82				
Exercisable at October 31, 2011	$	-		-	$	-	$	-

The weighted average remaining life of such outstanding options is 1.6 years. No shares are vested or exercisable as of October 31, 2011.

NOTE 14. DIVIDENDS

On December 12, 2011, we paid a $0.55 per share dividend in the aggregate amount of $8,123,000 to shareholders of record on December 2, 2011. On December 13, 2010, we paid a $0.55 per share dividend in the aggregate amount of $8,092,000 to shareholders of record on December 1, 2010.

NOTE 15. FAIR VALUE MEASUREMENTS

A fair value measurement is determined based on the assumptions that a market participant would use in pricing an asset or liability. A three-tiered hierarchy draws distinctions between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3).

The following table sets forth our financial assets and liabilities as of October 31, 2011 that are measured on a recurring basis during the period, segregated by level within the fair value hierarchy:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
(All amounts are presented in thousands)				
ASSETS AT FAIR VALUE:				
Investment in Limoneira Company(1)	$ 29,991	$ –	$ –	$ 29,991
Total assets at fair value	$ 29,991	$ –	$ –	$ 29,991

(1) The investment in Limoneira Company consists of marketable securities in the Limoneira Company stock. We currently own approximately 15% of Limoneira's outstanding common stock. These securities are measured at fair value by quoted market prices. Limoneira's stock price at October 31, 2011 and October 31, 2010 equaled $17.35 per share and $20.24 per share. Unrealized gains and losses are recognized through other comprehensive income. Unrealized investment holding losses arising during the year ended October 31, 2011 was $5.0 million. Unrealized investment holding gains arising during the year ended October 31, 2010 was $10.8 million. Unrealized investment holding losses arising during the year ended October 31, 2009 was $5.7 million.

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
(All amounts are presented in thousands)				
LIABILITIES AT FAIR VALUE:				
Salsa Lisa contingent consideration(2)	$ –	$ –	$ 978	$ 978
RFG contingent consideration(2)	–	–	$ 1,652	$ 1,652
Total liabilities at fair value	$ –	$ –	$ 2,630	$ 2,630

(2) Each period we revalue the contingent consideration obligations to their fair value and record increases or decreases in the fair value into selling, general and administrative expense. Increases or decreases in the fair value of the contingent consideration obligations can result from changes in assumed discount periods and rates, changes in the assumed timing and amount of revenue and expense estimates. Significant judgment is employed determining the appropriateness of these assumptions as of the acquisition date and for each subsequent period. Accordingly, future business and economic conditions, as well as changes in any of the assumptions described above, can materially impact the amount of contingent consideration expense we record in any given period. Total net decrease to the contingent considerations in fiscal year 2011 totaled $0.5 million. See Note 16 and Note 17 for further discussion.

The following is a reconciliation of the beginning and ending amounts of the contingent consideration for Salsa Lisa and RFG:

	BALANCE AT 10/31/10	ACQUISITION	INTEREST	REVALUE ADJUSTMENT	BALANCE AT 10/31/11
All amounts are presented in thousands)					
Salsa Lisa contingent consideration	$ 1,521	$ –	$ 70	$ (613)	$ 978
RFG contingent consideration	–	1,543	31	78	1,652
Total	$ 1,521	$ 1,543	$ 101	$ (535)	$ 2,630

NOTE 16. SALSA LISA BUSINESS ACQUISITION

On February 8, 2010, Calavo Growers, Inc. (Calavo), Calavo Salsa Lisa, LLC (CSL), Lisa's Salsa Company (LSC) and Elizabeth Nicholson and Eric Nicholson, entered into an Asset Purchase and Contribution Agreement, dated February 8, 2010 (the Acquisition Agreement), which sets forth the terms and conditions pursuant to which Calavo acquired a 65 percent ownership interest in CSL. which acquired substantially all of the assets of LSC. Elizabeth Nicholson and Eric Nicholson, through LSC, hold the remaining 35 percent ownership of CSL. LSC is a regional producer in the upper Midwest United States of Salsa Lisa refrigerated salsas.

The Acquisition Agreement provided that, among other things, Calavo make a payment totaling $100,000 for the 65 percent interest, as well a $300,000 payment representing a loan to be repaid from CSL to Calavo. Calavo made these initial payments on February 8, 2010. The purchase price can increase, subject to earn-out payments. These earn-out payments are based on net annual sales (as defined) achievements, through fiscal year October 31, 2016, which are as follows:

NET SALES OF:	THEN EARN-OUT PAYMENT SHALL BE:
$30,000,000	$1,000,000
$40,000,000	$1,000,000
$50,000,000	$1,000,000
Maximum earn-out payment possible	$3,000,000

More than one of the earn-out payments may be earned in a particular fiscal year through October 31, 2016, but in no event shall more than an aggregate of $3,000,000 in earn-out payments be made.

Concurrently with the execution of the Acquisition Agreement, Calavo, CSL, LSC and Elizabeth Nicholson and Eric Nicholson entered into an Amended and Restated Limited Liability Company Agreement. Among other things, such agreement calls for the establishment and maintenance of capital accounts, how profits and losses are to be allocated, as well as a buy-out option for Calavo.

Such buy-out option grants Calavo the right to cause LSC to transfer to Calavo all of LSC's membership interest for an amount equal to $5 million at any time until October 31, 2016. If the buy-out option has not been exercised by Calavo as of October 31, 2016, however, then Calavo is required to deliver a binding offer to LSC to purchase LSC's membership interest for a price no less than an amount equal to (A) LSC's percentage interest, multiplied by (B) the EBTDA multiple of 8.0, multiplied by (C) CSL's earnings before taxes, depreciation, and amortization (EBTDA) for the year ending October 31, 2016. LSC may then elect to either accept such offer or reject such offer and submit a counter offer to purchase Calavo's membership interest for a price no less than an amount equal to (A) Calavo's membership interest, multiplied by (B) the EBTDA multiple of 8.0, plus 0.5, or 8.5, multiplied by (C) the Company EBTDA for the year ending October 31, 2016. LSC may not reject the buy-out offer without making a counter offer.

If LSC makes a counter offer to Calavo, Calavo may either accept such offer or reject such offer and submit a counter offer to purchase LSC's membership interest for a price no less than an amount equal to (A) LSC's membership interest, multiplied by (B) the EBTDA multiple of 8.0, plus 0.5, plus an additional 0.5, or 9.0 total, multiplied by (C) the Company EBTDA for the year ending October 31, 2016. The process cited above shall continue, with the EBTDA multiple increasing 0.5% at each counter offer, until either LSC or Calavo accepts the counter offer made to them.

Based on the buy-out option, as well as the initial binding offer to be made to LSC, we recorded the noncontrolling interest outside of permanent equity to highlight the potential future cash obligation related to this instrument.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands). We obtained third-party valuations for the long-term assets acquired and incurred approximately $0.2 million in acquisition costs, which have been expensed in selling, general and administrative expenses in the period incurred.

AT FEBRUARY 8, 2010	
Current assets	$ 263
Property, plant, and equipment	321
Goodwill	88
Intangible assets	1,950
Total assets acquired	2,622
Current liabilities	(55)
Noncontrolling interest	(699)
Contingent consideration	(1,468)
Net cash paid as of February 8, 201	$ 400

Of the $1,950,000 of intangible assets, $240,000 was assigned to customer relationships with a life of 7 years, $360,000 to trademarks and trade names with a life of 10 years, and $1,350,000 to trade secrets with a life of 13 years. We determined the fair value of the non-controlling interest in CSL taking into consideration discounts for lack of control and lack of marketability. The fair value of the $5.0 million purchase option was determined using a Black-Scholes option pricing model. Significant inputs include the risk free rate, volatility factor, time to expiration, underlying stock price, and exercise price. As discussed above, we will be required to pay up to an additional $3.0 million if CSL achieves specified revenue targets during the first seven years, post transaction. The fair value of this contingent consideration was determined based on a probability weighted method, which incorporates management's forecasted revenue, the likelihood of the $5.0 million purchase option being exercised, and the likelihood of the revenue targets being achieved.

In October 2011, based on forecast projection analysis from a third party consulting firm, we decreased the contingent consideration liability related to the acquisition of CSL by approximately $0.6 million.

The following table reconciles shareholders' equity attributable to noncontrolling interest (in thousands):

YEAR ENDED OCTOBER 31	2011	2010
Noncontrolling interest, beginning	$ 575	$ –
Capital contributions	–	699
Net loss attributable to noncontrolling interest	(114)	(124)
Noncontrolling interest, ending	$ 461	$ 575

NOTE 17. RFG BUSINESS ACQUISITION

Calavo, CG Mergersub LLC (Newco), Renaissance Food Group, LLC (RFG) and Liberty Fresh Foods, LLC, Kenneth Catchot, Cut Fruit, LLC, James Catchot, James Gibson, Jose O. Castillo, Donald L. Johnson and RFG Nominee Trust (collectively, the Sellers) entered into an Agreement and Plan of Merger dated May 25, 2011 (the Acquisition Agreement), which sets forth the terms and conditions pursuant to which Calavo would acquire a 100 percent ownership interest in RFG. Pursuant to the Acquisition Agreement, Newco, a newly formed Delaware limited liability company and wholly-owned subsidiary of Calavo, merged with and into RFG, with RFG as the surviving entity. RFG is a fresh-food company that produces, markets, and distributes nationally a portfolio of healthy, high quality products for consumers via the retail channel. The acquisition closed on June 1, 2011.

Pursuant to the Acquisition Agreement and based on the fair value of Calavo's common stock on June 1, 2011, we agreed to pay on the closing date approximately $16 million, payable in a combination of cash and shares of unregistered Calavo common stock, as described below in greater detail. In addition, if RFG attains specified financial goals for certain 12-month periods prior to the fifth anniversary of the closing, we have agreed to pay RFG approximately up to an additional $84 million in earn-out consideration, based on the fair value of Calavo's common stock on June 1, 2011, payable in cash and shares of unregistered Calavo common stock, as described below in greater detail. As a result, if the maximum earn-out consideration is earned, the total consideration payable to RFG pursuant to the Acquisition Agreement could be approximately $100 million. The fair value of consideration is currently being determined by the Company and will be less than the maximum consideration noted above.

The Acquisition Agreement contains covenants, representations and warranties of Calavo and RFG that are customary for transactions of this type. Prior to entering into the Acquisition Agreement, and other than with respect to the Acquisition Agreement, neither we, nor any of our officers, directors, or affiliates had any material relationship with RFG or the Sellers.

We have paid the Sellers $14.2 million in cash, net of adjustments based on RFG's financial condition at closing, and issued the Sellers 43,000 shares of unregistered Calavo common stock.

If RFG's earnings before interest, taxes, depreciation and amortization (EBITDA) for any 12-month period commencing after the closing date and ending prior to the fifth anniversary of the closing date, is equal to or greater than $8 million, and RFG has concurrently reached a corresponding revenue achievement, we have agreed to pay the Sellers $5 million in cash and to issue to the Sellers 827,000 shares of unregistered Calavo common stock, representing total consideration of approximately $24 million. This represents the maximum that can be awarded pursuant to the 1st earn-out payment. In the event that the maximum EBITDA and revenue achievements have not been reached within five years after the closing date, but RFG's 12-month EBITDA during such period equals or exceeds $6 million and RFG has concurrently reached a corresponding revenue achievement, a sliding-scale, as defined, will be used to calculate payment. The minimum amount to be paid in the sliding-scale related to the 1st earn-out payment is approximately $14 million, payable in both cash and shares of unregistered Calavo common stock. RFG has five years to achieve any consideration pursuant to the 1st earn-out payment.

Assuming that the maximum earn-out payment has been achieved in the 1st earn-out payment, if RFG's EBITDA, for a 15-month period commencing after the closing date and ending prior to the fifth anniversary of the closing date, is equal to or greater than $15 million for each of the 12-month periods therein, and RFG has concurrently reached a corresponding revenue achievement, we have agreed to pay the Sellers $50 million in cash and to issue to the Sellers 434,783 shares of unregistered Calavo common stock, representing total consideration of approximately $60 million. This represents the maximum that can be awarded pursuant to the 2nd earn-out payment. In the event that the maximum EBITDA and revenue achievements have not been reached within five years after the closing date, but RFG's 12-month EBITDA during such period equals or exceeds $10 million, and RFG has concurrently reached a corresponding revenue achievement, a sliding-scale will be used to calculate payment. The minimum amount to be paid in the sliding-scale related to the 2nd earn-out payment is approximately $27 million, payable in both cash and shares of unregistered Calavo common stock. RFG has five years to achieve any consideration pursuant to the 2nd earn-out payment.

The following table summarizes the estimated fair values of the assets acquired, liabilities assumed, and equity issued at the date of acquisition (in thousands). We obtained third-party valuations for the long-term assets acquired and incurred approximately $0.3 million in acquisition costs, which have been expensed in selling, general and administrative expenses in the period incurred. For the five months ended October 31, 2011, since the acquisition of RFG, total selling, general and administrative expenses for RFG was $3.1 million.

AT JUNE 1, 2011	
Current assets	$ 10,491
Property, plant, and equipment	4,580
Goodwill	14,264
Other assets	117
Intangible assets	8,690
Total assets acquired	38,142
Current liabilities	(12,292)
Contingent consideration	(7,774)
Long-term obligations	(2,894)
Additional paid-in capital	(952)
Net assets acquired	$ 14,230

Of the $8,690,000 of intangible assets, an allocation of $7,400,000 was assigned to customer relationships with a life of 8 years, $920,000 to trademarks and trade names with a life of 8 years, $200,000 to non-competition agreements with a life of 5 years, and $170,000 to trade secrets with a life of 3 years. As discussed above, we potentially may be required to pay a maximum of approximately $100 million if RFG achieves specified future revenue and EBITDA targets. The fair value of this contingent consideration was determined based on a probability weighted method, which incorporates management's forecasted revenue, and the likelihood of the revenue targets being achieved.

In October 2011, based on forecast projection analysis from a third party consulting firm, we increased the contingent consideration liability related to the acquisition of RFG by approximately $0.1 million.

NOTE 18. SUBSEQUENT EVENTS

We have evaluated subsequent events to assess the need for potential recognition or disclosure in this Annual Report on Form 10-K. Such events were evaluated through the date these financial statements were issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition in the financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF CALAVO GROWERS, INC.

We have audited the accompanying consolidated balance sheets of Calavo Growers, Inc. and subsidiaries (the Company) as of October 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended October 31, 2011. Our audits also included the financial statement schedule listed at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Calavo Growers, Inc. and subsidiaries at October 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended October 31, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Calavo Growers Inc.'s internal control over financial reporting as of October 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 17, 2012 expressed an unqualified opinion thereon.

Ernst + Young LLP

Los Angeles, California
January 17, 2012

REPORT OF MANAGEMENT

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of the end of the period covered by this report based on the framework set forth in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework set forth in Internal Control — Integrated Framework, our management concluded that our internal control over financial reporting was effective as of October 31, 2011. Our internal control over financial reporting as of October 31, 2011 has been audited by Ernst and Young LLP, an independent registered public accounting firm, as stated in their report which is included herein. We have excluded from this assessment the operations of Renaissance Food Group, LLC (RFG), which are included in our fiscal 2011 consolidated financial statements and constituted an aggregate of $38.1 million and $24.0 million of total and net assets, as of October 31, 2011 and $56.7 million, and $1.2 million of revenues and net income, for the year then ended.

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

Arthur J. Bruno
Chief Operating Officer and Chief Financial Officer

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDERMATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

In March 2002, our common stock began trading on the OTC Bulletin Board under the symbol "CVGW." In July 2002, our common stock began trading on the Nasdaq National Market under the symbol "CVGW" and currently trades on the Nasdaq Global Select Market.

The following tables set forth, for the periods indicated, the high and low sales prices per share of our common stock as reported on the Nasdaq Global Select Market.

FISCAL 2011	HIGH	LOW
First Quarter	$ 23.80	$ 20.99
Second Quarter	$ 23.55	$ 19.70
Third Quarter	$ 21.74	$ 18.70
Fourth Quarter	$ 22.88	$ 17.90

FISCAL 2010	HIGH	LOW
First Quarter	$ 18.58	$ 14.99
Second Quarter	$ 18.74	$ 15.85
Third Quarter	$ 21.06	$ 15.25
Fourth Quarter	$ 21.83	$ 18.68

As of November 30, 2011, there were approximately 1,042 stockholders of record of our common stock.

During the year ended October 31, 2011, we did not issue any shares of common stock that were not registered under the Securities Act of 1933, except for the shares issued with the acquisition of RFG, which is discussed in note 17 of the Consolidated Financial Statements. We did not repurchase any shares of our common stock.

DIVIDEND POLICY

Our dividend policy is to provide for an annual dividend payment, as determined by the Board of Directors. We anticipate paying dividends in the first quarter of our fiscal year.

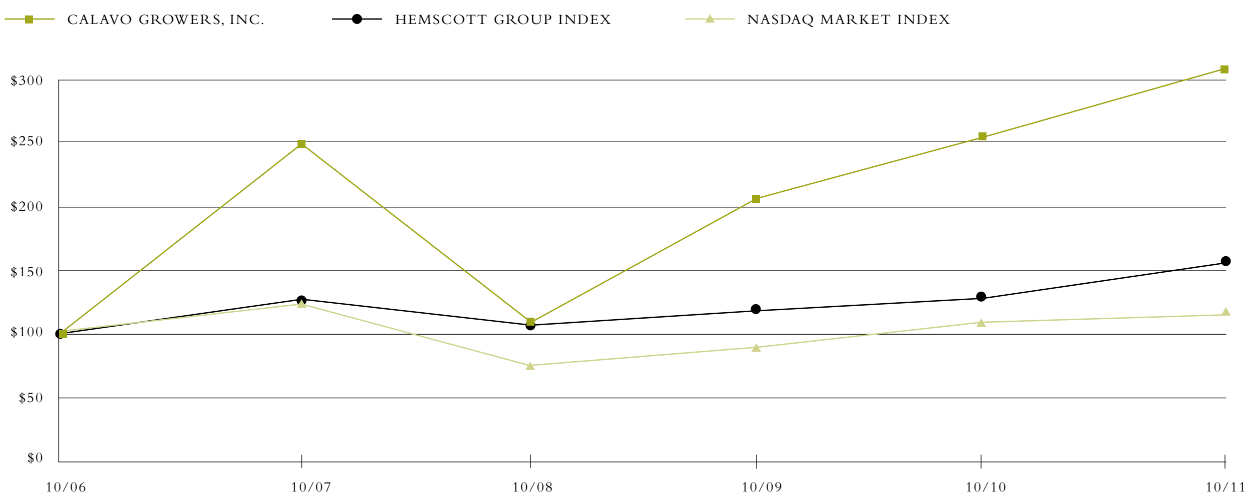
On December 12, 2011, we paid a $0.55 per share dividend in the aggregate amount of $8,123,000 to shareholders of record on December 2, 2011.

On December 13, 2010, we paid a $0.55 per share dividend in the aggregate amount of $8,092,000 to shareholders of record on December 1, 2010.

SHAREOWNER RETURN PERFORMANCE GRAPH

The following graph compares the performance of our common stock with the performance of the Nasdaq Market Index and the Hemscott Group Index for approximately the 60-month period beginning on October 31, 2006 and ending October 31, 2011. In making this comparison, we have assumed an investment of $100 in Calavo Growers, Inc. common stock, the Nasdaq Market Index , and the Hemscott Group Index as of October 31, 2006. We have also assumed the reinvestment of all dividends. The Hemscott Group Index is a composition of major diversified food companies.

Comparison of 5-year Cumulative Total Return*



*$100 invested on 10/31/06 in stock or index, including reinvestment of dividends. Fiscal year ending October 31, 2011

CORPORATE INFORMATION

OFFICERS

Lecil E. Cole
Chairman, President and
Chief Executive Officer

Arthur J. Bruno
Chief Operating Officer
Chief Financial Officer
Corporate Secretary

Rob Wedin
Vice President
Fresh Sales and Marketing

Mike Browne
Vice President
Fresh Operations

Al Ahmer
Vice President
Processed Product Sales
and Operations

James E. Snyder
Corporate Controller

OFFICER—CALAVO DE MEXICO

Dionisio Ortiz
Vice President, Operations

PRINCIPAL BOARD COMMITTEES

EXECUTIVE COMMITTEE

Lecil E. Cole
Chairman

J. Link Leavens
First Vice Chairman

Scott N. Van Der Kar
Second Vice Chairman

Harold S. Edwards

Dorcas H. McFarlane

Donald "Mike" Sanders

AUDIT COMMITTEE

Egidio "Gene" Carbone, Jr.
Chairman

George H. Barnes

Steven W. Hollister

John M. Hunt

NOMINATING AND GOVERNANCE COMMITTEE

John M. Hunt
Chairman

George H. Barnes

Marc Brown

Alva V. Snider

COMPENSATION COMMITTEE

Steven W. Hollister
Chairman

James D. Helin

OPERATING DIRECTORS AND MANAGERS

Carlos T. Vasquez
Director, Field Operations

John Agapin
Director, Systems Analysis
and Planning

Bruce Spurrell
Director, Purchasing
and Risk Management

Michael F. Derr
Director, Fresh Packing

Michael Angelo
Director, National Fresh Sales

Patricia D. Vorhies
Director, Human Resources

Gary M. Gunther
Director, Fresh Operations
Special Projects

Michael Lippold
Director, Strategic Development

Joseph Malagone
Packinghouse Manager, Santa Paula

Francisco Orozco
Packinghouse Manager, Temecula

HEADQUARTERS

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Fax 805.921.3219
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Los Angeles, California

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
Los Angeles, California

INVESTOR & CORPORATE RELATIONS COUNSEL

FoleyFreisleben LLC
Los Angeles, California

FORM 10-K

A copy of the company's annual report as filed upon Form 10-K is available upon request to the Corporate Controller or online from the Securities and Exchange Commission at www.sec.gov.

TRANSFER AGENT AND REGISTRAR

Computershare Trust
Company, N.A.
Canton, Massachusetts

COMMON STOCK LISTING

Shares of the company's common stock are listed on the Nasdaq Global Select Market under the symbol CVGW.

OCTOBER 31, 2011

SENIOR MANAGEMENT

Post By Calavo Growers, Inc.

MIKE BROWNE
Vice President
Fresh Operations

ROB WEDIN
Vice President
Fresh Sales and Marketing

AL AHMER
Vice President
Processed Product Sales
and Operations

ARTHUR J. BRUNO
Chief OperatingOfficer
Chief Financial Officer and
Corporate Secretary

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Printing Primary Color **www.primarycolor.com**

OCTOBER 31, 2011

CALAVO GROWERS, INC: CORPORATE HEADQUARTERS

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